

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023 AND 2022**



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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Rapid City, Inc. (the Organization) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining financial statements on pages 31-36, are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 37-38 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

Young Men's Christian Association of Rapid City, Inc.
Statements of Financial Position
December 31, 2023 and December 31, 2022

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2022 Totals
ASSETS					
Cash and Cash Equivalents	\$ 330,806	\$ 204,398	\$ -	\$ 535,204	\$ 1,507,745
Accounts Receivable, Net	95,387	-	-	95,387	92,963
Grants Receivable	75,604	-	-	75,604	76,303
Prepaid Expenses	48,461	-	-	48,461	46,072
Promises to Give, Net	8,167	16,985	-	25,152	38,566
Right to Use Leased Assets	27,170	-	-	27,170	54,340
Property and Equipment, Net	14,534,294	-	-	14,534,294	14,420,937
Investments	-	1,085,806	290,687	1,376,493	1,249,251
Beneficial Interest in Assets Held By Others	-	89,130	-	89,130	76,922
TOTAL ASSETS	\$ 15,119,889	\$ 1,396,319	\$ 290,687	\$ 16,806,895	\$ 17,563,099
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable	\$ 160,545	\$ -	\$ -	\$ 160,545	\$ 268,727
Accrued Personnel Costs	288,039	-	-	288,039	339,745
Other Liabilities	1,744	-	-	1,744	2,808
Unearned Fees and Dues	94,895	-	-	94,895	110,704
Lease Liability	29,180	-	-	29,180	57,319
Long-Term Liability	50,000	-	-	50,000	-
Total Liabilities	624,403	-	-	624,403	779,303
Net Assets:					
Without Donor Restrictions:					
Net Investment in					
Property and Equipment	14,534,294	-	-	14,534,294	14,420,937
Undesignated	(130,032)	-	-	(130,032)	403,265
Board-designated	91,224	-	-	91,224	264,156
Total Without Donor Restrictions	14,495,486	-	-	14,495,486	15,088,358
With Donor Restrictions:					
Restricted by Purpose or Time	-	1,396,319	-	1,396,319	1,404,751
Restricted in Perpetuity	-	-	290,687	290,687	290,687
Total with Donor Restrictions	-	1,396,319	290,687	1,687,006	1,695,438
Total Net Assets	14,495,486	1,396,319	290,687	16,182,492	16,783,796
TOTAL LIABILITIES AND NET ASSETS	\$ 15,119,889	\$ 1,396,319	\$ 290,687	\$ 16,806,895	\$ 17,563,099

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Activities
For the Year Ended December 31, 2023
With Memorandum Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2022 Memorandum Totals
SUPPORT, REVENUES, AND GAINS					
Child Care	\$ 3,751,508	\$ -	\$ -	\$ 3,751,508	\$ 3,625,083
Membership Dues	2,489,189	-	-	2,489,189	2,007,813
Grants and Donations	983,899	782,021	-	1,765,920	3,337,487
Sponsorship Donations	335,933	-	-	335,933	322,936
Management Fees	283,200	-	-	283,200	-
Program Services	216,954	-	-	216,954	384,496
Food Service	167,139	-	-	167,139	336,105
United Way	-	-	-	-	39,653
Vending Sales	44,263	-	-	44,263	27,892
Department Fundraisers	89,854	-	-	89,854	89,779
Use of Facilities	17,150	-	-	17,150	5,122
Bequests, Memorials, and Other	2,410	-	-	2,410	2,745
Miscellaneous Income	33,173	-	-	33,173	14,319
Gain (Loss) on Disposal of Property and Equipment	183,093	-	-	183,093	1,382
Net Assets Released from Restrictions	979,111	(979,111)	-	-	-
Total Support, Revenues, and Gains	9,576,876	(197,090)	-	9,379,786	10,194,812
EXPENSES					
Program Services	9,164,386	-	-	9,164,386	8,747,894
Management and General	756,502	-	-	756,502	991,425
Fundraising	248,730	-	-	248,730	307,599
Total Expenses	10,169,618	-	-	10,169,618	10,046,918
OTHER REVENUE (EXPENSES)					
Net Investment Return - Endowment	-	188,658	-	188,658	(235,311)
CHANGE IN NET ASSETS	(592,742)	(8,432)	-	(601,174)	(87,417)
NET ASSETS - BEGINNING OF YEAR	15,088,358	1,404,751	290,687	16,783,796	16,871,213
NET ASSETS - END OF YEAR	\$ 14,495,616	\$ 1,396,319	\$ 290,687	\$ 16,182,622	\$ 16,783,796

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023
With Memorandum Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2022 Memorandum Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (592,872)	\$ (8,432)	\$ -	\$ (601,304)	\$ (87,417)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:					
Depreciation & Amortization	550,908	-	-	550,908	557,458
Net (Gain) Loss on Disposal of Property and Equipment	(183,093)	-	-	(183,093)	(1,382)
Net (Gain) Loss on Investments	-	(188,707)	-	(188,707)	208,416
Donations for the Purchase of Capital Assets	-	(5,000)	-	(5,000)	(7,426)
Change in Value of Beneficial Interest in Assets Held by Others	-	(13,208)	-	(13,208)	10,715
(Increase) Decrease in:					
Promises to Give	(2,024)	15,438	-	13,414	58,485
Accounts Receivable	(1,725)	-	-	(1,725)	(25,579)
Prepaid Expenses	(2,389)	-	-	(2,389)	9,062
Increase (Decrease) in:					
Accounts Payable	(108,182)	-	-	(108,182)	58,756
Accrued Personnel Costs	(51,706)	-	-	(51,706)	26,681
Other Liabilities	(1,064)	-	-	(1,064)	165
Lease Liability/ ROU Asset - Net	(969)	-	-	(969)	2,979
Unearned Fees and Dues	(15,809)	-	-	(15,809)	1,152
Net Cash Provided (Used) by Operating Activities	(408,925)	(199,909)	-	(608,834)	812,065
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(670,443)	-	-	(670,443)	(472,067)
Insurance Proceeds	189,271	-	-	189,271	380,742
Distribution from Beneficial Interest in Assets Held by Others	-	1,000	-	1,000	1,768
Purchases of Investments	-	(114,177)	-	(114,177)	(573,553)
Sales of Investments	-	175,642	-	175,642	585,670
Net Cash Provided (Used) by Investing Activities	(481,172)	62,465	-	(418,707)	(77,440)

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2023
With Memorandum Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2022 Memorandum Totals
CASH FLOWS FROM FINANCING ACTIVITIES					
Donations for the Purchase of Capital Assets	-	5,000	-	5,000	7,426
Issuance of Long Term Debt	50,000	-	-	50,000	-
Payments on Line of Credit	-	-	-	-	(629,805)
Net Cash Provided (Used) by Financing Activities	50,000	5,000	-	55,000	(622,379)
NET INCREASE (DECREASE) IN					
CASH AND EQUIVALENTS	(840,097)	(132,444)	-	(972,541)	112,246
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,170,903	336,842	-	1,507,745	1,395,499
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 330,806</u>	<u>\$ 204,398</u>	<u>\$ -</u>	<u>\$ 535,204</u>	<u>\$ 1,507,745</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,361</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023
With Memorandum Totals for the Year Ended December 31, 2022

	Program Services			Total				2022
	Healthy	Social	Youth	Program	General			Memorandum
	Living	Responsibility	Development	Services	Administration	Fundraising	Total	Totals
Salaries	\$ 1,281,438	\$ 1,127,666	\$ 2,716,649	\$ 5,125,753	\$ 381,895	\$ 95,165	\$ 5,602,813	\$ 5,229,456
Employee Benefits	165,342	145,501	350,523	661,366	90,397	14,336	766,099	866,001
Payroll Taxes	94,797	83,421	200,969	379,187	29,215	7,280	415,682	384,801
Total Payroll and Related Expenses	1,541,577	1,356,588	3,268,141	6,166,306	501,507	116,781	6,784,594	6,480,258
Supplies	201,496	177,317	427,172	805,985	-	82,846	888,831	870,584
Depreciation	133,595	117,564	283,222	534,381	16,527	-	550,908	557,458
Occupancy	142,273	125,200	301,618	569,091	17,601	-	586,692	603,911
Office Expenses	53,787	47,333	114,028	215,148	36,382	1,895	253,425	263,325
Repairs and Maintenance	115,834	101,934	245,569	463,337	14,330	-	477,667	405,244
Technology	53,519	47,096	113,458	214,074	16,897	20,940	251,911	277,158
Y-USA Fair Share Support	16,812	14,794	35,640	67,246	53,797	13,449	134,492	120,893
Professional Fees	-	-	-	-	89,116	-	89,116	321,856
Travel	25,327	22,287	53,692	101,306	8,130	10,075	119,511	121,337
Conferences and Training	6,878	6,053	14,581	27,512	2,215	2,744	32,471	19,533
Total Expenses	<u>\$ 2,291,098</u>	<u>\$ 2,016,166</u>	<u>\$ 4,857,121</u>	<u>\$ 9,164,386</u>	<u>\$ 756,502</u>	<u>\$ 248,730</u>	<u>\$ 10,169,618</u>	<u>\$ 10,046,918</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 1 - NATURE OF OPERATIONS

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

Program Activities:

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Contributions and Promises to Give

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

The YMCA receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from childcare after-school programs, day camps, family programs, programs for seniors, and immigration and health and welfare-related programs. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. The YMCA received cost-reimbursable grants of \$244,082 and \$358,630 that had not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

Accounts Receivable

Accounts receivable consist of receivables from program registrants and federal grant programs. Any receivable not paid within thirty days is considered past due and services are terminated if delinquent accounts are not brought current within sixty days. Accounts receivable were \$95,387 and \$92,963, as of December 31, 2023 and 2022, respectively. Grants receivable represent amounts that have been billed under grant agreements but were not collected as of the date of the financial statements. All grants receivable represent amounts owed by government agencies and are considered fully collectible. Grants receivable were \$75,604 and \$76,303, as of December 31, 2023 and 2022, respectively.

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

Management writes off receivables when there is information indicating that a customer is facing financial difficulty and reasonable collection efforts have been used. If any recoveries are made from accounts previously written off, they are recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the YMCA's accounting policy election. The allowance for expected credit losses at December 31, 2023 and 2022 was \$4,162 and \$798, respectively. There were no write-offs of receivables for the years ended December 31, 2023 and 2022.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2023	2022
Accounts Receivable, Net, Beginning of Year	\$ 92,963	\$ 72,175
Accounts Receivable, Net, End of Year	\$ 95,387	\$ 92,963
	2023	2022
Unearned Program Fees and Dues, Beginning of Year	\$ 110,704	\$ 109,552
Revenue Recognized that Was Included in Unearned Program Fees and Membership Dues at Beginning of Year	(110,704)	(109,552)
Increase in Unearned Program Fees and Dues, Due to Cash Received During the Year	94,895	110,704
Unearned Program Fees and Dues, End of Year	<u>\$ 94,895</u>	<u>\$ 110,704</u>

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

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

In-kind Contributions

The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA did not report any contributed services for the years ended December 31, 2023 and 2022, respectively. The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services. Contributions of assets other than cash are recorded at estimated fair value.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

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

Buildings and Improvements	20 - 80 years
Land Improvements	10 - 15 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years

Leases

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

Impairment of Long-lived Assets

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. The YMCA has determined that no long-lived assets are impaired.

Federal Income Taxes

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

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, 2023 and 2022, the YMCA had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The YMCA's income tax filings are subject to audit by various taxing authorities. The YMCA is no longer subject to federal and state income tax examination by taxing authorities for years before 2020. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The YMCA believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense. There were no penalties and interest assessed by taxing authorities during the year ended December 31, 2023 and 2022.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Expenses are charged directly to program, management, and general or fundraising based on specific identification of expenses. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA. The YMCA also acted as the fiscal agent for activities related to regional support from the YMCA of the USA (YUSA) due to a restructuring of the national organization. These revenues and expenses are included in the YMCA's financial statements but are not a cost of program operations and are completely reimbursed by YUSA. During the year ended December 31, 2022, the YMCA transferred the remaining balance of funding for this program to a different YMCA to administer this program. The transfer is reflected in professional fees in the financial statements.

Liquidity

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

Accounting Estimates

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

Sales Tax

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

Property Tax

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses* (Topic 326). This ASU changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing exposure to credit risk and the measurement of credit losses. Financial assets held by the YMCA that are subject to the guidance in FASB ASC 326 were accounts receivable related to membership and program fees.

The YMCA adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

Balances for the Year Ended December 31, 2022

The Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended December 31, 2022 are captioned "Memorandum Only." Such information is presented only to facilitate financial analysis. This data does not present these statements in the amount of detail required by accounting principles generally accepted in the United States of America. The complete December 31, 2022 Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses were included in the prior year's report but are not presented here because of space limitations and to avoid cumbersome and confusing formats.

NOTE 3 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

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

Unconditional promises to give at December 31 are as follows:

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 6,143	\$ 31,453	\$ 37,596
Receivable in One to Five Years	-	1,000	1,000
Discount on Pledges Receivable	-	(30)	(30)
Total Unconditional Promises to Give	<u>\$ 6,143</u>	<u>\$ 32,423</u>	<u>\$ 38,566</u>

Unconditional pledges receivable due in more than one year are discounted based on the creditworthiness of donors, which was 3.25% as of December 31, 2023 and 2022. Promises to give at December 31, 2023 include \$15,000 due from three donors. Promises to give at December 31, 2022 include \$15,000 due from three donors.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022
Nondepreciable Items:		
Land	\$ 1,449,249	\$ 1,445,605
Construction in Progress	133,986	106,174
Depreciable Items:		
Buildings and Improvements	19,023,350	18,519,067
Land Improvements	18,471	-
Machinery and Equipment	1,258,386	1,211,200
Vehicles	526,964	526,964
	<u>22,410,406</u>	<u>21,809,010</u>
Less: Accumulated Depreciation	<u>7,876,112</u>	<u>7,388,073</u>
Net Property and Equipment	<u>\$ 14,534,294</u>	<u>\$ 14,420,937</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

As of December 31, 2023, construction in progress represented \$133,986 of equipment related to a kitchen remodel project. Equipment was purchased for the project with grant funds. There are no future commitments for this project as of December 31, 2023. Additional funding needs to be secured for the project to be completed. The project is expected to begin in late 2024 with the equipment being installed at that time.

In a prior year, the YMCA incurred significant damage to the main building roof from a hailstorm. Insurance proceeds received during the year ended December 31, 2022 totaled roughly \$380,000 and were included in the Gain on Disposal of Property and Equipment line in the Statement of Activities. During the year ended December 31, 2022, the damaged roof was disposed of resulting in an offsetting loss of \$379,360. Additional insurance proceeds were received for this damage during the year ended December 31, 2023 for approximately \$186,000, which is included in the Gain on Disposal of Property and Equipment line in the Statement of Activities.

NOTE 5 - INVESTMENTS

Investments consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 85,690	\$ 80,265
Certificates of Deposit	223,165	158,337
Mutual Funds	440,806	395,220
Equities	626,647	615,168
Bonds	185	261
	<u>\$ 1,376,493</u>	<u>\$ 1,249,251</u>

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

NOTE 6 - REVOLVING LINE OF CREDIT

The YMCA entered into a revolving line of credit in February 2023 in the amount of \$250,000. The line of credit matured in February 2024. However, the YMCA is working on renewing the line of credit. The renewal was not complete as of the date of the auditor's report. The line of credit requires monthly interest payments at the bank's prime rate and is unsecured. During the year ended December 31, 2023, no advances on the line of credit occurred.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 7 - LEASES

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

	<u>2023</u>	<u>2022</u>
Right-of use Asset	\$ 27,170	\$ 54,340
Lease Obligation	\$ 29,180	\$ 57,319
Weighted Average Discount Rate	3.60%	3.60%
Weighted Average Term	12 months	24 months

The YMCA's operating leases consist primarily of copier machines. The lease was initiated in 2019 and continues for 60 months. The YMCA is not expected to renew the lease agreement at the end of the term.

For the year ended December 31, 2023, total operating lease cost was \$29,758, and the remaining lease term was approximately one year. The total lease cost was \$29,758 for the year ended December 31, 2022.

Cash paid for operating leases for the year ended December 31, 2023 was \$29,758. There were no noncash investing and financing transactions related to leasing.

Future maturities of lease liabilities are presented in the following table, for the year ending December 31, 2023:

2024	\$ 29,180
------	-----------

NOTE 8 - LIQUIDITY AND AVAILABILITY

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

	<u>2023</u>	<u>2022</u>
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 330,806	\$ 1,170,903
Accounts and Grants Receivable	170,991	169,266
Pledges Due in One Year	8,167	6,143
Endowment Spending-rate Appropriations	65,000	65,000
	<u>\$ 574,964</u>	<u>\$ 1,411,312</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 8 - LIQUIDITY AND AVAILABILITY (CONTINUED)

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

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

The YMCA has a board-designated capital reserve in the amount of \$91,224 that is included in financial assets available for use. The use of these funds to support operations would require Board action. The YMCA could also seek additional support from donors or debt borrowings in the event of unanticipated liquidity needs.

NOTE 9 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets are maintained in the YMCA's operating bank account. Receipts and disbursements are designated by the Board of Directors to their specific activity within net assets without donor restrictions and consist of the capital reserve at December 31, 2023 and 2022. Transfers from the reserve are made to fund capital expenditures as approved by the Board of Directors.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Donations for Special Purpose:		
Childcare	\$ 84,680	\$ -
Assets Held by BH Area Community		
Foundation for Youth Sponsorships	89,130	76,922
Sports and Wellness Programs	6,673	190,637
Edgemont YMCA	34,132	34,132
Custer Elementary School Project	6,478	6,478
Rapid City Equipment	62,440	94,497
Edgemont Equipment	-	2,449
Custer Equipment	9,791	8,445
Parkinson's Disease Exercise Program	204	204
	<u>293,528</u>	<u>413,764</u>
Shaping Our Future	14,015	20,515
SOF Sponsorship	-	9,438
Endowment - Earnings Available for Appropriations	1,088,776	961,034
	<u>\$ 1,396,319</u>	<u>\$ 1,404,751</u>

Net assets with donor restrictions in the amount of \$979,111 and \$689,307 were released from restriction during the years ended December 31, 2023 and 2022, respectively, as a result of donor stipulations being met.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

NOTE 11 - PENSION AND RETIREMENT PLAN

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

Pension benefits for substantially all employees meeting certain eligibility requirements are provided through participation in the National YMCA Retirement Fund, a multi-employer defined contribution pension plan. The YMCA makes contributions to the plan each year equal to 12% of eligible participants' compensation. Contributions to the plan were \$311,098 and \$306,674 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 - ENDOWMENT FUNDS

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 12 - ENDOWMENT FUNDS (CONTINUED)

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

	2023		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 961,034	\$ 290,687	\$ 1,251,721
Contributions to Endowment	3,600	-	3,600
Net Investment Return	176,665	-	176,665
Amounts Appropriated for Expenditure	(52,523)	-	(52,523)
Endowment Net Assets, Ending	<u>\$ 1,088,776</u>	<u>\$ 290,687</u>	<u>\$ 1,379,463</u>
	2022		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 1,199,826	\$ 290,687	\$ 1,490,513
Contributions to Endowment	4,760	-	4,760
Net Investment Return	(220,533)	-	(220,533)
Amounts Appropriated for Expenditure	(23,019)	-	(23,019)
Endowment Net Assets, Ending	<u>\$ 961,034</u>	<u>\$ 290,687</u>	<u>\$ 1,251,721</u>

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 12 - ENDOWMENT FUNDS (CONTINUED)

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

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

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

NOTE 13 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2022	
	Level I	Total
Cash	\$ 80,265	\$ 80,265
Certificates of Deposit	158,337	158,337
Mutual Funds		
Diversified Emerging Market	63,864	63,864
High Yield	30,280	30,280
Intermediate Core	181,709	181,709
Mid-Cap Growth	41,556	41,556
Small Blend	56,920	56,920
Ultrashort Bond	20,891	20,891
Equities (by Sector):		
Exchange Traded Fund	161,956	161,956
Basic Materials	21,868	21,868
Communication Services	12,964	12,964
Consumer Cyclical	45,376	45,376
Consumer Defensive	46,303	46,303
Energy	18,140	18,140
Financial Services	77,790	77,790
Healthcare	55,731	55,731
Industrials	61,810	61,810
Real Estate	5,431	5,431
Technology	89,808	89,808
Utilities	17,991	17,991
Bond Funds	261	261
	<u>\$ 1,249,251</u>	<u>\$ 1,249,251</u>

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

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

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

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows as of December 31, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
December 31, 2023:				
Beneficial Interest in Assets Held by Others	\$ 89,130	\$ -	Quarterly	Quarterly
December 31, 2022:				
Beneficial Interest in Assets Held by Others	\$ 76,922	\$ -	Quarterly	Quarterly

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

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

NOTE 14 - CONCENTRATIONS

As of December 31, 2023 and 2022, the YMCA had amounts on deposit at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

NOTE 15 - FINANCIAL ASSISTANCE PROVIDED

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

	<u>2023</u>	<u>2022</u>
Membership Dues	\$ 2,693,273	\$ 2,212,227
Less: Financial Assistance Provided	<u>(204,084)</u>	<u>(204,414)</u>
Membership Dues, Net	<u>\$ 2,489,189</u>	<u>\$ 2,007,813</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 16 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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

	2023	2022
Balance, Beginning	\$ 76,922	\$ 89,405
Contributions	1,215	4,063
Investment Return, Net	11,993	(14,778)
Distributions and Fees	<u>(1,000)</u>	<u>(1,768)</u>
Balance, Ending	<u>\$ 89,130</u>	<u>\$ 76,922</u>

NOTE 17 - LONG-TERM LIABILITIES

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

NOTE 18 - RELATED PARTIES

The YMCA pays dues to the YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2023 and 2022 were \$134,492 and \$120,893, respectively.

NOTE 19 - SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Financial Position
December 31, 2023

	Without Donor Restrictions							
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	Total Without Donor Restrictions
ASSETS								
Cash and Cash Equivalents	\$ (429,520)	\$ 587,939	\$ 60,949	\$ 219,368	\$ 20,214	\$ -	\$ 91,224	\$ 330,806
Accounts Receivable, Net	95,387	-	-	95,387	-	-	-	95,387
Grants Receivable	60,160	-	15,444	75,604	-	-	-	75,604
Prepaid Expenses	44,701	3,760	-	48,461	-	-	-	48,461
Promises to Give, Net	7,637	530	-	8,167	-	-	-	8,167
Right to Use Leased Assets	27,170	-	-	27,170	-	-	-	27,170
Property and Equipment, Net	-	-	-	-	-	14,534,294	-	14,534,294
Investments	-	-	-	-	-	-	-	-
Beneficial Interest in Assets Held by Others	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ (194,465)</u>	<u>\$ 592,229</u>	<u>\$ 76,393</u>	<u>\$ 474,157</u>	<u>\$ 20,214</u>	<u>\$ 14,534,294</u>	<u>\$ 91,224</u>	<u>\$ 15,119,889</u>
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts Payable	160,754	(209)	-	160,545	-	-	-	160,545
Accrued Personnel Costs	261,407	22,661	3,971	288,039	-	-	-	288,039
Other Liabilities	1,527	209	8	1,744	-	-	-	1,744
Unearned Fees and Dues	84,949	8,825	1,121	94,895	-	-	-	94,895
Lease Liability	29,180	-	-	29,180	-	-	-	29,180
Long-Term Liabilities	50,000	-	-	50,000	-	-	-	50,000
Total Liabilities	<u>587,817</u>	<u>31,486</u>	<u>5,100</u>	<u>624,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,403</u>
Net Assets:								
Without Donor Restrictions:								
Net Investment in								
Property and Equipment	-	-	-	-	-	14,534,294	-	14,534,294
Undesignated	(782,282)	560,743	71,293	(150,246)	20,214	-	-	(130,032)
Board-designated	-	-	-	-	-	-	91,224	91,224
Total Without Donor Restrictions	<u>(782,282)</u>	<u>560,743</u>	<u>71,293</u>	<u>(150,246)</u>	<u>20,214</u>	<u>14,534,294</u>	<u>91,224</u>	<u>14,495,486</u>
With Donor Restrictions:								
Restricted by Purpose or Time	-	-	-	-	-	-	-	-
Restricted in Perpetuity	-	-	-	-	-	-	-	-
Total With Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>(782,282)</u>	<u>560,743</u>	<u>71,293</u>	<u>(150,246)</u>	<u>20,214</u>	<u>14,534,294</u>	<u>91,224</u>	<u>14,495,486</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ (194,465)</u>	<u>\$ 592,229</u>	<u>\$ 76,393</u>	<u>\$ 474,157</u>	<u>\$ 20,214</u>	<u>\$ 14,534,294</u>	<u>\$ 91,224</u>	<u>\$ 15,119,889</u>

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Financial Position (Continued)
December 31, 2023

	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future	Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
ASSETS							
Cash and Cash Equivalents	\$ 204,398	\$ -	\$ -	\$ -	\$ 204,398	\$ -	\$ 535,204
Accounts Receivable, Net	-	-	-	-	-	-	95,387
Grants Receivable	-	-	-	-	-	-	75,604
Prepaid Expenses	-	-	-	-	-	-	48,461
Promises to Give, Net	-	2,970	-	14,015	16,985	-	25,152
Right to Use Leased Assets	-	-	-	-	-	-	27,170
Property and Equipment, Net	-	-	-	-	-	-	14,534,294
Investments	-	1,085,806	-	-	1,085,806	290,687	1,376,493
Beneficial Interest in Assets Held by Others	89,130	-	-	-	89,130	-	89,130
TOTAL ASSETS	\$ 293,528	\$ 1,088,776	\$ -	\$ 14,015	\$ 1,396,319	\$ 290,687	\$ 16,806,895
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts Payable	-	-	-	-	-	-	160,545
Accrued Personnel Costs	-	-	-	-	-	-	288,039
Other Liabilities	-	-	-	-	-	-	1,744
Unearned Fees and Dues	-	-	-	-	-	-	94,895
Lease Liability	-	-	-	-	-	-	29,180
Long-Term Liabilities	-	-	-	-	-	-	50,000
Total Liabilities	-	-	-	-	-	-	624,403
Net Assets:							
Without Donor Restrictions:							
Net Investment in							
Property and Equipment	-	-	-	-	-	-	14,534,294
Undesignated	-	-	-	-	-	-	(130,032)
Board-designated	-	-	-	-	-	-	91,224
Total Without Donor Restrictions	-	-	-	-	-	-	14,495,486
With Donor Restrictions:							
Restricted by Purpose or Time	293,528	1,088,776	-	14,015	1,396,319	-	1,396,319
Restricted in Perpetuity	-	-	-	-	-	290,687	290,687
Total With Donor Restrictions	293,528	1,088,776	-	14,015	1,396,319	290,687	1,687,006
Total Net Assets	293,528	1,088,776	-	14,015	1,396,319	290,687	16,182,492
TOTAL LIABILITIES AND NET ASSETS	\$ 293,528	\$ 1,088,776	\$ -	\$ 14,015	\$ 1,396,319	\$ 290,687	\$ 16,806,895

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions							
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	Total Without Donor Restrictions
SUPPORT, REVENUES, AND GAINS								
Child Care	\$ 3,382,874	\$ 368,634	\$ -	\$ 3,751,508	\$ -	\$ -	\$ -	\$ 3,751,508
Membership Dues	2,314,358	168,431	6,400	2,489,189	-	-	-	2,489,189
Grants and Donations	870,077	19,918	93,904	983,899	-	-	-	983,899
Sponsorship Donations	254,032	57,627	24,274	335,933	-	-	-	335,933
Management Fees	283,200	-	-	283,200	-	-	-	283,200
Program Services	157,003	40,039	19,912	216,954	-	-	-	216,954
Food Service	167,139	-	-	167,139	-	-	-	167,139
Vending Sales	31,824	5,616	338	37,778	6,485	-	-	44,263
Department Fundraisers	-	57,153	-	57,153	32,701	-	-	89,854
Use of Facilities	14,409	2,741	-	17,150	-	-	-	17,150
Bequests, Memorials and Other	-	-	-	-	-	-	2,410	2,410
Miscellaneous Income	18,556	12,535	-	31,091	-	-	2,082	33,173
Gain (Loss) on Disposal of Property and Equipment	-	700	-	700	-	182,393	-	183,093
Released From Restrictions:								
Endowment Proceeds to Support Program	52,523	-	-	52,523	-	-	-	52,523
Donations for Building and Equipment	-	-	-	-	-	11,500	-	11,500
Donations for Program								
Supplies and Expenses	853,420	58,668	3,000	915,088	-	-	-	915,088
Total Support, Revenues, and Gains	8,399,415	792,062	147,828	9,339,305	39,186	193,893	4,492	9,576,876
EXPENSES								
Salaries	4,996,896	528,898	77,019	5,602,813	-	-	-	5,602,813
Occupancy	541,192	40,119	5,381	586,692	-	-	-	586,692
Supplies	751,647	35,968	21,602	809,217	79,614	-	-	888,831
Employee Benefits	704,900	47,398	13,931	766,229	-	-	-	766,229
Depreciation	-	-	-	-	-	550,908	-	550,908
Repairs and Maintenance	470,630	4,192	2,845	477,667	-	-	-	477,667
Payroll Taxes	372,367	38,717	4,598	415,682	-	-	-	415,682
Y-USA Fair Share Support	116,516	16,802	1,174	134,492	-	-	-	134,492
Travel	107,531	7,184	4,796	119,511	-	-	-	119,511
Technology	247,905	4,006	-	251,911	-	-	-	251,911
Professional Fees	89,116	-	-	89,116	-	-	-	89,116
Office Expenses	240,941	9,806	2,678	253,425	-	-	-	253,425
Conferences and Training	30,673	213	1,585	32,471	-	-	-	32,471
Total Expenses	8,670,314	733,303	135,609	9,539,226	79,614	550,908	-	10,169,748
OTHER REVENUE (EXPENSES)								
Net Investment Return - Endowment	-	-	-	-	-	-	-	-

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2023

	With Donor Restrictions - by Purpose or Time				Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future			
SUPPORT, REVENUES, AND GAINS							
Child Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,751,508
Membership Dues	-	-	-	-	-	-	2,489,189
Grants	773,421	3,600	-	5,000	782,021	-	1,765,920
Sponsorship Donations	-	-	-	-	-	-	335,933
Management Fees	-	-	-	-	-	-	283,200
Program Services	-	-	-	-	-	-	216,954
Food Service	-	-	-	-	-	-	167,139
Vending Sales	-	-	-	-	-	-	44,263
Department Fundraisers	-	-	-	-	-	-	89,854
Use of Facilities	-	-	-	-	-	-	17,150
Bequests, Memorials and Other	-	-	-	-	-	-	2,410
Miscellaneous Income	-	-	-	-	-	-	33,173
Gain (Loss) on Disposal of Property and Equipment	-	-	-	-	-	-	183,093
Released From Restrictions:							
Endowment Proceeds to Support Program	-	(52,523)	-	-	(52,523)	-	-
Donations for Building and Equipment	-	-	-	(11,500)	(11,500)	-	-
Donations for Program Supplies and Expenses	(905,650)	-	(9,438)	-	(915,088)	-	-
Total Support, Revenues, and Gains	(132,229)	(48,923)	(9,438)	(6,500)	(197,090)	-	9,379,786
EXPENSES							
Salaries	-	-	-	-	-	-	5,602,813
Occupancy	-	-	-	-	-	-	586,692
Supplies	-	-	-	-	-	-	888,831
Employee Benefits	-	-	-	-	-	-	766,229
Depreciation	-	-	-	-	-	-	550,908
Repairs and Maintenance	-	-	-	-	-	-	477,667
Payroll Taxes	-	-	-	-	-	-	415,682
Y-USA Fair Share Support	-	-	-	-	-	-	134,492
Travel	-	-	-	-	-	-	119,511
Technology	-	-	-	-	-	-	251,911
Professional Fees	-	-	-	-	-	-	89,116
Office Expenses	-	-	-	-	-	-	253,425
Conferences and Training	-	-	-	-	-	-	32,471
Total Expenses	-	-	-	-	-	-	10,169,748
OTHER REVENUE (EXPENSES)							
Net Investment Return - Endowment	11,993	176,665	-	-	188,658	-	188,658

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2023

	Without Donor Restrictions							
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	Total Without Donor Restrictions
CHANGE IN NET ASSETS	<u>(270,899)</u>	<u>58,759</u>	<u>12,219</u>	<u>(199,921)</u>	<u>(40,428)</u>	<u>(357,015)</u>	<u>4,492</u>	<u>(592,872)</u>
BEGINNING NET ASSETS	<u>(176,025)</u>	<u>501,984</u>	<u>59,074</u>	<u>385,033</u>	<u>18,232</u>	<u>14,420,937</u>	<u>264,156</u>	<u>15,088,358</u>
Interfund Transfers								
Current Operating to Property and Equipment	(470,372)	-	-	(470,372)	-	470,372	-	-
Current Operating to Other Member Activities	(42,410)	-	-	(42,410)	42,410	-	-	-
Capital Reserve to Current Operating	<u>177,424</u>	<u>-</u>	<u>-</u>	<u>177,424</u>	<u>-</u>	<u>-</u>	<u>(177,424)</u>	<u>-</u>
Total Interfund Transfers	<u>(335,358)</u>	<u>-</u>	<u>-</u>	<u>(335,358)</u>	<u>42,410</u>	<u>470,372</u>	<u>(177,424)</u>	<u>-</u>
ENDING NET ASSETS	<u>\$ (782,282)</u>	<u>\$ 560,743</u>	<u>\$ 71,293</u>	<u>\$ (150,246)</u>	<u>\$ 20,214</u>	<u>\$ 14,534,294</u>	<u>\$ 91,224</u>	<u>\$ 14,495,486</u>

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2023

	With Donor Restrictions - by Purpose or Time				Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future			
CHANGE IN NET ASSETS	(120,236)	127,742	(9,438)	(6,500)	(8,432)	-	(601,304)
BEGINNING NET ASSETS	413,764	961,034	9,438	20,515	1,404,751	290,687	16,783,796
Interfund Transfers							
Current Operating to Property and Equipment	-	-	-	-	-	-	-
Current Operating to Other Member Activities	-	-	-	-	-	-	-
Capital Reserve to Current Operating	-	-	-	-	-	-	-
Total Interfund Transfers	-	-	-	-	-	-	-
ENDING NET ASSETS	<u>\$ 293,528</u>	<u>\$ 1,088,776</u>	<u>\$ -</u>	<u>\$ 14,015</u>	<u>\$ 1,396,319</u>	<u>\$ 290,687</u>	<u>\$ 16,182,492</u>

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Assistance Listing Number	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
U.S. Department of Agriculture						
10 .558	N	N	Child and Adult Care Food Program (Note 3) <i>Child Nutrition Cluster</i>	SD Department of Education	2023G-SFSP51404	\$ 171,157
10 .559	N	N	Summer Food Service Program for Children (Note 3) Total Child Nutrition Cluster	SD Department of Education	2023G-CACFP51404	67,548 <u>67,548</u>
Total Department of Agriculture						<u>238,705</u>
U.S. Department of Housing and Urban Development						
14 .218	N	N	Community Development Block Grants/Entitlement Grants	City of Rapid City	B-20-MC-46-002	6,763
U.S. Department of Education						
84 .287	N	Y	21st Century Community Learning Centers <i>CARES Funding Cluster</i>	SD Department of Education	2022G-21CC800410	487,057
84 .425U	N	N	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III)	SD Department of Education	2023G-416	85,303 <u>572,360</u>
Total Department of Education						
U.S. Department of Health and Human Services						
93 .531	N	N	The Patient Protection and Affordable Care Act of 2010 Authorizes Community Transformation Grants and National Dissemination and Support for Community Transformation Grants <i>CCDF Cluster</i>	SD Department of Health	23SC090543	38,448
93 .575	N	N	Child Care and Development Block Grant Total CCDF Cluster	SD Department of Social Services	24-0843-625	144,241 <u>144,241</u>
Total Department of Health and Human Services						<u>182,689</u>
Total Federal Financial Assistance						<u>\$ 1,000,517</u>

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

NOTE 1: This Schedule of Expenditures of Federal Awards includes the federal grant activity of Young Men's Christian Association of Rapid City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the basic financial statements.

NOTE 2: Young Men's Christian Association of Rapid City, Inc. did not elect to use the 10% de minimis indirect cost rate.

NOTE 3: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 4: The YMCA had no amounts passed through to subrecipients.

See independent auditor's report.

OTHER REPORTS



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Men's Christian Association of Rapid City, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as Findings No. 2023-001 through 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

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

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



KETEL THORSTENSON, LLP
Certified Public Accountants

September 20, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Young Men's Christian Association of Rapid City, Inc. (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings as Finding No. 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as Finding No. 2023-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



KETEL THORSTENSON, LLP
Certified Public Accountants

September 20, 2024

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

SCHEDULE OF FINDINGS

DECEMBER 31, 2023

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on all of the financial statements of Young Men's Christian Association of Rapid City (the Organization).
2. Significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Organization, were disclosed during the audit.
4. Significant deficiencies disclosed during the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditor's Report on Compliance for the Major Federal Awards Program expresses an unmodified opinion on the major programs, as listed in #7.
6. Findings relative to the major federal award programs for the Organization are reported in Part C of this schedule.
7. The programs tested as a major programs include the following:

Major Programs	ALN's
<i>U.S. Department of Education</i>	
21 st Century Community Learning Centers	84.287

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Organization was not determined to be a low-risk auditee.

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

SCHEDULE OF FINDINGS

DECEMBER 31, 2023

B. FINDINGS -- FINANCIAL STATEMENT AUDIT

Significant Deficiencies

Finding No. 2023-001: Adjusting Journal Entries

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: During the course of audit fieldwork, several entries were proposed but not recorded due to overall insignificance. The majority of these entries related to proper revenue recognition, to include classification and cut-off of various revenue sources. We also identified certain financial statement presentation issues related to with and without donor restrictions.

Criteria and Effect: Proper cut-off of revenues and expenses is necessary to ensure financial statements are fairly stated. These issues are largely the result of the significant volume of activity that occurs.

Repeat Finding from Prior Year: Yes – Finding No. 2022-002

Recommendation: Management should consider implementing interim processes for contributions and grants that would ease the volume of work required at year-end.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

Finding No. 2023-002: Reconciliations of Cash and Childcare Billings

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: Although bank reconciliations are consistently prepared, differences exist between the reconciliation and the general ledger. As a result of this audit finding, management chose to investigate the variances and corrected most of the errors. The cause appears to be due to complexities in how transactions are posted within the software resulting in reconciling differences in childcare billings. The Organization does not perform a reconciliation of monthly billing registers to the general ledger or track adjustments made after month-end postings. In addition, bank reconciliations are not formally reviewed; however, this is mitigated by the CEO's review of cash activity on a weekly basis.

Criteria and Effect: These reconciliations are key controls to ensure all transactions are recorded properly in the accounting system. Unreconciled amounts could result in unidentified errors or fraud. In addition, audit delays occurred.

Repeat Finding from Prior Year: No

Recommendation: Software set-up and postings should be reviewed for accuracy. Any monthly reconciliation differences should be investigated and cleared on a timely basis and not be allowed to accumulate. As part of the review process, the CEO should identify variances and require the CFO to make corrections. All cash transactions should be recorded in the general ledger.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

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

SCHEDULE OF FINDINGS

DECEMBER 31, 2023

B. FINDINGS -- FINANCIAL STATEMENT AUDIT

Finding No. 2023-003: Payroll Testing Errors

Federal Program Affected: U.S. Department of Education's 21st Century Community Learning Centers (CFDA #84.287)

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None – amounts were below reporting threshold.

Condition and Cause: During our testing of 16 payroll transactions, we noted one instance in which a timecard did not match the amount paid per the payroll register. As a result, the employee's time was improperly over-charged to the 21st Century grant. The over charge was \$25 out of a sample of \$8,074. Payroll expenses charged to the grant for 2024 totaled \$296,055.

Criteria and Effect: Uniform Guidance requires adequate documentation, including support for all payments made. Lack of adequate documentation could result in questioned costs.

Repeat Finding from Prior Year: Yes - Finding No. 2022-002 (revised and repeated).

Recommendation: Management made significant improvements in the payroll process in 2023. We recommend continued diligence and training to ensure all internal control processes are followed.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL PROGRAM AUDIT

See Finding 2023-003 in Part B.

MANAGEMENT RESPONSE



YMCA of RAPID CITY

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023

The Young Men's Christian Association of Rapid City, Inc. submits the following summary schedule of prior audit findings from the December 31, 2022 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2022 Schedule of Findings.

Finding No. 2022-001: Adjusting Journal Entries

Status: Several entries that were overall insignificant to the financial statements were passed. As such, the finding was revised and repeated as 2023-001.

Initial Year Reported: 2018

Reasons for Recurrence and Corrective Action Plan: Improvements continue to be made in the year-end closing process to reduce the significance of this finding. Going forward, additional care will be taken to ensure proper cut-off of revenues and expenses.

Finding No. 2022-002: Payroll Testing Errors

Status: One timecard did not have proper review signoffs. As such, the finding was revised and repeated as 2023-003.

Initial Year Reported: 2019

Reasons for Recurrence and Corrective Action Plan: A new Human Resources/Payroll Specialist was hired in 2023. The approval processes improved during the current year, however, agreeing the timecard to the payroll register was overlooked in this instance. There will be a higher degree of attention to detail to identify and correct errors timely.



YMCA of RAPID CITY

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

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2023**

Young Men's Christian Association of Rapid City, Inc. respectfully submits the following corrective action plan regarding findings from the December 31, 2023 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2023-001: Adjusting Journal Entries

Responsible Individuals: Keiz Larson, Chief Executive Officer

Corrective Action Plan: The Organization agrees with the above finding. The CFO will track revenue sources throughout the year in order to aid the year-end closing process. Additional focus on smaller revenue sources will occur to ensure proper cut-off.

Anticipated Completion Date: December 2024

Finding No. 2023-002: Reconciliations of Cash and Childcare Billing

Responsible Individuals: Keiz Larson, Chief Executive Officer

Corrective Action Plan: The Organization agrees with the above finding. The CFO will identify the cause of reconciliation differences between the general ledger and subsidiary schedules and resolve the issues in a timely manner. Additional scrutiny will be in place going forward.

Anticipated Completion Date: December 2024

Finding No. 2023-003: Payroll Testing Errors

Responsible Individuals: Keiz Larson, Chief Executive Officer

Corrective Action Plan: A timecard adjustment was made by the payroll specialist due to a missing timecard punch however adequate documentation notation was not made. There will be an increased level of detailed review over payroll to identify and correct errors timely.

Anticipated Completion Date: December 2024

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