Armed Services YMCA of the USA and Branches

Consolidated Financial Report
December 31, 2025

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Armed Services YMCA of the USA

Opinion
We have audited the consolidated financial statements of Armed Services YMCA of the USA and Branches (collectively, ASYMCA), which comprise the consolidated balance sheet as of December 31, 2025, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ASYMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ASYMCA'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 ASYMCA's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information
We have previously audited ASYMCA's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
July 15, 2026

Armed Services YMCA of the USA and Branches

Consolidated Balance Sheet
December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
Assets		
Cash and cash equivalents	**$ 9,716,137**	$ 10,765,940
Receivables, net	**6,842,258**	5,910,413
Investments	**38,048,572**	36,329,089
Prepaid expenses and other assets	**739,114**	712,006
Operating right-of-use assets, net	**27,523,438**	13,441,392
Property and equipment, net	**40,891,233**	21,103,093
	$ 123,760,752	$ 88,261,933
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 6,439,515**	$ 2,429,761
Accrued and other liabilities	**3,637,758**	2,252,752
Deferred revenue	**18,806,892**	3,286,443
Operating lease liabilities, net	**32,372,536**	14,337,450
Notes payable, net	**6,309,742**	6,654,263
	67,566,443	28,960,669
Commitments and contingencies (Note 9)		
Net assets:		
Without donor restrictions	**49,508,581**	48,682,731
With donor restrictions	**6,685,728**	10,618,533
	56,194,309	59,301,264
	$ 123,760,752	$ 88,261,933

See notes to consolidated financial statements.

Armed Services YMCA of the USA and Branches

Consolidated Statement of Activities
Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restricted	Total	2024 Total
Support and revenue:				
Support:				
Donated services, materials and facilities	$ 7,192,025	$ -	$ 7,192,025	$ 7,708,639
Contributions and grants	11,649,332	1,072,641	12,721,973	16,811,481
Individual contributions	5,498,533	-	5,498,533	2,395,550
Government contracts and grants	9,818,521	-	9,818,521	6,647,050
United Way	69,546	-	69,546	103,412
Total support	34,227,957	1,072,641	35,300,598	33,666,132
Revenue:				
National Council allocation	1,800,000	-	1,800,000	1,800,000
Program service fees	6,788,389	-	6,788,389	6,305,501
Rental income	836,503	-	836,503	726,599
Interest and dividends, net of fees	1,130,020	-	1,130,020	1,275,733
Sale of materials and services	1,469,521	-	1,469,521	1,217,368
Residence and related services	344,619	-	344,619	338,498
Other	442,707	-	442,707	1,397,172
Membership dues	2,471,248	-	2,471,248	2,486,878
Net assets released from restrictions	5,005,446	(5,005,446)	-	-
Total revenue	20,288,453	(5,005,446)	15,283,007	15,547,749
Total support and revenue	54,516,410	(3,932,805)	50,583,605	49,213,881
Expenses:				
Program services:				
Support networks, socialization and resources	8,070,383	-	8,070,383	11,153,791
Child development and family connections	19,692,358	-	19,692,358	13,073,628
Food, financial and emergency assistance	9,203,855	-	9,203,855	6,413,457
Mental health, emotional well-being and physical fitness	4,022,423	-	4,022,423	3,703,557
Total program services	40,989,019	-	40,989,019	34,344,433
Supporting services:				
Management and general	8,893,138	-	8,893,138	7,881,609
Fundraising	7,815,981	-	7,815,981	6,789,131
Total supporting services	16,709,119	-	16,709,119	14,670,740
Total expenses	57,698,138	-	57,698,138	49,015,173
Change in net assets before other changes	(3,181,728)	(3,932,805)	(7,114,533)	198,708
Other changes:				
Net realized and unrealized gain on investments, net of reserve draw	4,007,578	-	4,007,578	2,863,771
Loss on disposal of branch	-	-	-	(555,307)
Change in net assets	825,850	(3,932,805)	(3,106,955)	2,507,172
Net assets:				
Beginning	48,682,731	10,618,533	59,301,264	56,794,092
Ending	$ 49,508,581	$ 6,685,728	$ 56,194,309	$ 59,301,264

See notes to consolidated financial statements.

Armed Services YMCA of the USA and Branches

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025									
	Program Services					Supporting Services				
	Support Networks, Socialization and Resources	Child Development and Family Connections	Food Financial and Emergency Assistance	Mental Health, Emotional Well-Being and Physical Fitness	Program Services Total	Management and General	Fundraising	Supporting Services Total	Total	2024 Total
Salaries and wages	$ 2,915,206	$ 9,264,157	$ 1,473,181	$ 1,810,215	$ 15,462,759	$ 3,071,006	$ 1,597,287	$ 4,668,293	$ 20,131,052	$ 16,127,724
Donated services, materials and facilities	1,449,019	876,557	4,432,885	239,282	6,997,743	88,891	105,391	194,282	7,192,025	7,708,639
Supplies	585,929	1,646,220	2,379,727	714,391	5,326,267	249,419	30,263	279,682	5,605,949	4,696,519
Health and retirement benefits, payroll taxes	562,992	1,384,964	195,547	296,173	2,439,676	901,525	287,608	1,189,133	3,628,809	2,931,815
Program events	675,390	76,785	146,895	111,188	1,010,258	11,237	3,694,785	3,706,022	4,716,280	3,860,342
Professional fees and contract services	171,007	733,484	129,049	363,884	1,397,424	1,360,064	454,871	1,814,935	3,212,359	2,914,952
Occupancy, insurance and property taxes	64,178	2,080,421	63,428	89,055	2,297,082	952,909	6,525	959,434	3,256,516	1,829,912
Rentals, repairs and maintenance	196,283	2,363,759	258,124	236,220	3,054,386	149,373	59,736	209,109	3,263,495	1,426,370
Travel and conferences	175,898	151,020	13,047	17,546	357,511	260,989	99,512	360,501	718,012	459,741
Outside printing, graphics and advertising	50,705	400,879	10,352	51,446	513,382	221,632	1,129,493	1,351,125	1,864,507	1,876,663
Telephone	14,168	72,252	49,797	42,873	179,090	36,495	8,954	45,449	224,539	139,670
Financial percentage support—National Council	-	-	-	-	-	263,508	-	263,508	263,508	496,989
Utilities	25,455	127,651	12,472	11,065	176,643	274,185	591	274,776	451,419	234,529
Awards and grants	59,288	54	-	1,892	61,234	7,357	595	7,952	69,186	7,867
Gifts and contributions	13,061	14,513	13,624	3,887	45,085	26,630	5,694	32,324	77,409	85,444
Computer and IT services	105,718	88,419	6,788	7,687	208,612	744,276	60,205	804,481	1,013,093	1,000,608
Postage and shipping	4,130	4,514	264	353	9,261	35,587	239,809	275,396	284,657	365,512
Membership dues	582	1,727	355	92	2,756	9,828	7,666	17,494	20,250	17,907
Interest rate swap	-	-	-	-	-	118,398	-	118,398	118,398	79,296
Cost of goods sold	35,910	9,425	-	10,644	55,979	17,916	26,511	44,427	100,406	59,315
Program support to YMCA affiliates	410,803	70,000	250	-	481,053	16	-	16	481,069	471,911
Other expenses	331	730	192	469	1,722	75,847	276	76,123	77,845	1,631,420
Total expenses before depreciation and amortization	7,516,053	19,367,531	9,185,977	4,008,362	40,077,923	8,877,088	7,815,772	16,692,860	56,770,783	48,423,145
Depreciation and amortization	554,330	324,827	17,878	14,061	911,096	16,050	209	16,259	927,355	592,028
Total expenses	$ 8,070,383	$ 19,692,358	$ 9,203,855	$ 4,022,423	$ 40,989,019	$ 8,893,138	$ 7,815,981	$ 16,709,119	$ 57,698,138	$ 49,015,173

See notes to consolidated financial statements.

Armed Services YMCA of the USA and Branches

Consolidated Statement of Cash Flows
Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (3,106,955)	$ 2,507,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	927,355	592,028
Net realized and unrealized gain on investments	(4,007,578)	(2,863,771)
Loss on disposal of branch	-	555,307
Loss on disposal of equipment	-	1,326,179
Amortization of bond issuance costs	6,656	6,654
Collections on capital campaign receivables for building	(770,239)	(749,877)
Amortization of right-of-use assets	1,123,164	696,248
Lease incentive received in year of modification to operating lease	2,745,800	-
Loss on interest rate swap	118,398	79,296
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(931,845)	(2,568,512)
Prepaid expenses and other assets	(145,506)	(298,664)
Increase (decrease) in:		
Accounts payable	(1,641,880)	1,216,636
Accrued and other liabilities	1,385,006	(172,177)
Operating lease liabilities	84,076	199,810
Deferred revenue	15,520,449	2,796,889
Net cash provided by operating activities	11,306,901	3,323,218
Cash flows from investing activities:		
Purchases of property and equipment	(15,063,861)	(6,908,034)
Proceeds from sale of investments	14,438,545	3,458,372
Purchases of investments	(12,150,450)	-
Net cash used in investing activities	(12,775,766)	(3,449,662)
Cash flows from financing activities:		
Principal payments on notes payable	(351,177)	(123,267)
Collections on capital campaign receivables for building	770,239	749,877
Net cash provided by financing activities	419,062	626,610
Net (decrease) increase in cash and cash equivalents	(1,049,803)	500,166
Cash and cash equivalents:		
Beginning	10,765,940	10,265,774
Ending	$ 9,716,137	$ 10,765,940
Supplemental disclosures of cash flow information:		
Cash payments for interest	$ 244,404	$ 264,995
Purchases of property and equipment included in accounts payable	$ 5,651,634	$ -
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payment on operating leases	$ 1,181,045	$ 182,920
Additions to operating lease right-of-use assets and lease liabilities	$ 15,205,210	$ 14,137,640

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Armed Services YMCA of the USA (ASYMCA) is a national members association chartered by the National Council of Young Men's Christian Associations of the United States of America (the National Council), and incorporated in the state of Illinois. ASYMCA is an independent nonprofit corporation governed by its own volunteer board of directors, and dedicated to serving military communities throughout the United States. ASYMCA provides specialized programs and services designed to meet the unique needs of military personnel, particularly junior enlisted service members and their families. Through its mission, ASYMCA strengthens military families by delivering core programs and services that promote resilience, readiness and relief. These core programs and services focus on:

Support Networks, Socialization and Resources: Programs that foster community connection, peer support and access to essential resources to help families navigate the unique challenges of military life, including frequent relocations and deployments.

Child Development and Family Connections: Services that support early learning, youth development and family engagement, including child-focused and family-centered programming designed to strengthen parent-child relationships.

Food, Financial and Emergency Assistance: Direct assistance programs that address food insecurity, financial hardship and emergency situations, to help stabilize military families during times of need.

Mental Health, Emotional Well-Being and Physical Fitness: Wellness-oriented programs that promote emotional resilience, mental well-being and physical health for service members and their families.

As of December 31, 2025, these programs and services are delivered through 12 branches located in the following military communities: Anchorage, Alaska; El Paso, Texas; Fort Campbell, Kentucky; Fort Leonard Wood, Missouri; Fort Bragg, North Carolina; Hampton Roads, Virginia; Honolulu, Hawaii; Killeen, Texas; Camp Pendleton, California; San Diego, California; Twentynine Palms, California; Joint-Base Lewis-McChord, Washington; one program site in San Antonio, Texas and a network of affiliated partners. ASYMCA also facilitates three Child Development Centers, of which one center located in Norfolk, Virginia, is operating, and two centers are under construction.

ASYMCA's national headquarters is in Woodbridge, Virginia, and serves as the central hub for executive management and key operational and strategic decision-making functions.

A summary of ASYMCA's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of ASYMCA, as described above. All intercompany balances have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities topic of the Codification, ASYMCA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

***Net assets without donor restrictions*:** Net assets available for use in general operations and not subject to donor-imposed restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions**:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, other donor-imposed restrictions are perpetual in nature. ASYMCA reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cash and cash equivalents: ASYMCA considers cash and all highly liquid investments with original maturities of three months or less and certificates of deposit to be cash equivalents.

Investments: Investments with readily determinable fair values are reported at their fair value. The private mutual funds are estimated fair value based upon the funds' net asset value (NAV) as a practical expedient, as estimated by the fund managers. The pooled investments are valued at fair value, based on the applicable percentage of ownership of the underlying net assets as a practical expedient, as determined by the fund managers at the measurement date. The estimated values provided by the investment managers are subject to an annual independent audit, and are reviewed by management for reasonableness. ASYMCA believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to additional uncertainty and, therefore, values realized upon disposition may vary significantly from currently reported values. To adjust the carrying value of investments reflected at fair value, realized and unrealized gains and losses are reported in the consolidated statement of activities. ASYMCA withdrew $3,712,850 from its reserve funds to support operations in 2025.

Financial risk: ASYMCA maintains its cash in bank deposit accounts, money market accounts and certificates of deposits which, at times, may exceed federally insured limits. ASYMCA has not experienced any losses in such accounts, and believes it is not exposed to any significant financial risk on cash.

ASYMCA invests in a professionally managed portfolio that contains various securities that are exposed to risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements. ASYMCA holds money market funds and certificates of deposit that are recorded at cost, and are presented with cash and cash equivalents.

Receivables: Receivables consist of trade receivables, Department of Defense (DoD) contract receivables and promises to give.

Trade receivables and allowance for credit losses: Receivables are carried at original invoice amount, less an estimate made for doubtful receivables, based on a review of all outstanding amounts on a monthly basis. ASYMCA offsets gross trade accounts receivable with an allowance for credit losses. The allowance for credit losses is ASYMCA's best estimate of the amount of probable credit losses in ASYMCA's existing accounts receivable, and is based upon historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Estimating credit losses based on risk characteristics requires significant judgment by ASYMCA. Significant judgments include, but are not limited to, assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of ASYMCA's financial assets, the estimated life of financial assets and the level of reliance on historical experience, in light of economic conditions. ASYMCA reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets. The allowance for credit losses totaled $0 at December 31, 2025.

Promises to give and allowance for doubtful accounts: Contributions are recognized when donors either make a contribution of cash (or other assets) or provide a written promise to give that is unconditional. Promises to give are contributions receivable that are expected to be collected in future years. Promises to give, expected to be collected within one year, have been recorded at net realizable value, and the long-term portion of promises to give multiyear unconditional contributions has been recorded at net present value using a discount rate of 4% at December 31, 2025. The unamortized discount to net present value totaled $5,255 at December 31, 2025. Management determines the provision for doubtful accounts by using historical experience applied to an aging of promises to give. Promises to give are written off when deemed uncollectible. The allowance for doubtful accounts was $0 at December 31, 2025.

Property and equipment: ASYMCA capitalizes all property and equipment purchased with a cost of $2,500 or more. Property and equipment are carried at cost, less accumulated depreciation. Donated property and equipment are carried at the approximate fair value at the date of the donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Amortization of leasehold improvements occurs over the lesser of the estimated life of the improvement or the term of the lease.

Valuation of long-lived assets: Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell.

Support and revenue: Donated non-cash support, including the use of facilities and donated equipment, is recorded as net assets without donor restrictions support, unless explicit donor stipulations specify how the donated assets must be used. Unconditional gifts of long-lived assets with explicit donor stipulations that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are recorded as restricted support. Absent explicit donor stipulations about the period those long-lived assets must be maintained, donated or acquired, long-lived assets are recorded as net assets without donor restrictions support when placed in service.

Unconditional contribution support is recognized when a promise to give is received and is recorded as net assets without or net assets with donor restrictions support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions. Unconditional donor restricted contributions received in the same year the restriction is satisfied are recorded as net assets without donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

ASYMCA operates some of its Child Development Centers (CDC) under contracts with the DoD to provide early childhood education and related family support services to military families. Administration fees earned under DoD contracts are recognized as revenue when ASYMCA obtains the right to bill the DoD in accordance with the terms of the respective agreements. These amounts are incurred in government contracts and grants revenue in the accompanying consolidated statement of activities.

ASYMCA's revenue streams from contracts with customers are primarily comprised of program service fees, National Council allocation, rental income, sales of materials and services and membership dues.

Program service fees are recognized at the time the service is provided. Payments received in advance are recorded as deferred revenue. Sales of materials and services at the time of sale or service is provided. These revenues are considered to be recognized at a point in time.

Revenue from rental operations is recognized on a straight-lined basis over the life of the lease. The National Council allocation is recognized ratably, as services are provided. Membership dues revenue are recognized ratably over the membership period. Amounts paid in advance are recorded as deferred revenue. These revenues are considered to be recognized over time.

ASYMCA's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components, and do not have variable considerations. ASYMCA did not have any impairment on any receivables or contract assets arising from contracts with customers. Management constantly monitors its revenue streams, and does not believe there is a material risk of loss for future revenue and cash inflows. All of ASYMCA's revenue under contract with customers is earned in the United States, and the majority of customers are active and non-active military families.

Deferred revenue: Funding received from the DoD related to the construction of CDC is recorded as deferred revenue until the associated facilities are placed into service. Such amounts are not recognized as revenue during the construction phase, as the related performance obligations have not yet been satisfied. Upon placement of the related assets into service, deferred revenue is recognized as revenue on a systematic basis over the estimated useful lives of the underlying assets. The recognition of this revenue is aligned with and amortized at the same rate as, the depreciation expense of the associated property and equipment, consistent with the matching principle.

Contract balances: The timing of revenue recognition may not align with the right to invoice the customer. ASYMCA records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening balances as of January 1, 2025, for accounts receivable is $3,368,108, and deferred revenue is $3,136,443.

Contributed services, facilities, materials and equipment: For the year ended December 31, 2025, contributed professional services and materials, as well as use of facilities, are recognized on the accompanying consolidated statement of activities as support and expense at their estimated fair value in the amount of $7,192,025, including the use of facilities valued at $1,858,452. Donated materials of $5,333,573 were primarily used in ASYMCA's educational, social and recreational programs. Contributed materials included food and marketing services.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: ASYMCA is exempt from federal income tax, except on income earned from unrelated business activities, under Section 501(c)(3) of the Internal Revenue Code (IRC). ASYMCA had minimal net unrelated business income for the year ended December 31, 2025, and has been classified as an organization that is not a private foundation.

Management evaluated ASYMCA's tax positions and concluded that ASYMCA had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Functional expense allocation: The costs of providing the various programs and services have been summarized on a functional basis on the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain overhead costs, such as rent and depreciation, have been allocated among the programs and supporting services benefited based on the percentage of effort, square footage or another relevant basis.

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

ASYMCA made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ASYMCA recognizes ROU assets and lease liabilities, based on the present value of lease payments over the lease term at the commencement date of the lease.

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

ASYMCA's leases may include a non-lease component representing additional services transferred to ASYMCA, such as common area maintenance for real estate. ASYMCA made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

A lessee that is not a public business entity is permitted to use a risk-free discount rate for its leases, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. In order to ease the accounting burden of determining incremental borrowing rates, ASYMCA has made this accounting policy election for all leases. The risk-free discount rates were obtained using U.S. Treasury securities, as published by the U.S. Department of the Treasury. ASYMCA uses the implicit rate when readily determinable.

Use of estimates: The preparation of consolidated financial statements requires, in conformity with generally accepted accounting principles management, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Summarized comparative financial information: The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ASYMCA's consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Recently issued accounting pronouncement: In July 2025, FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instrument—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.* The ASU introduces a practical expedient and, for entities other than public business entities, an accounting policy election to simplify the application of Topic 326, Financial Instruments—Credit Losses, to current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606, Revenue from Contracts with Customers.

This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The adoption of ASU 2025-05 is not expected to have a significant impact on ASYMCA's consolidated financial statements.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

Subsequent events: ASYMCA has evaluated subsequent events through July 15, 2026, the date on which the consolidated financial statements were available to be issued.

Note 2. Related-Party Transactions

ASYMCA is an independently managed association and a National Member Association of the National Council. The National YMCA Fund, Inc. (the Fund) holds title to and has ownership of an endowment fund, a portion of which is designated for armed services work. Distributions from the Fund are made to the National Council, the original donee. The National Council and ASYMCA have agreed to annual amounts of approximately $1,800,000, ending 2040. The value of the assets of the endowment fund is not reflected on the accompanying consolidated balance sheet because ASYMCA does not own, nor does it control the endowment or the stream of income generated from them, and was not party to the original reciprocal transfer from the National Council.

The National Council provides management support and certain staff services to ASYMCA. The calculated amount ASYMCA paid the National Council as annual financial percentage support was $263,508 during the year ended December 31, 2025.

Note 2. Related-Party Transactions (Continued)

In addition to the 12 branches, ASYMCA has 28 affiliate partners, of which 27 are YMCA member associations and one military installation. These are August South YMCA, GA; The Y in Central Maryland; Coastal Georgia YMCA; Florida's First Coast YMCA; Gateway Region YMCA, MO; Golden State YMCA, CA: Greater Oklahoma City YMCA; Greater Rochester YMCA, NY; YMCA of Superior California; YMCA of Greater San Antonio; YMCA of Greater San Francisco; YMCA of Greater Seattle; Lawton Family YMCA, OK; YMCA of Metropolitan Dallas; YMCA of Metropolitan Fort Worth; New River YMCA, NC; Northwest Florida YMCA; Middle Tennessee YMCA; Pierce & Kitsap Counties YMCA, WA; Pikes Peak Region YMCA, CO; Silicon Valley YMCA, CA; YMCA of Southern Arizona; YMCA of Southern Nevada; Tampa Metropolitan Area YMCA; Volusia Flagler YMCA, FL; Watertown Family YMCA, NY; YMCA of Wichita Falls, TX; and Travis Air Force Base. They provided specific ASYMCA's Core Programs and Core Services defined as childcare, camps, Children's Waiting Room, Operation Little Learners, Operation Hero and food assistance. ASYMCA conditionally agreed to pay a portion of these costs, including program fees, staff wages and other operational expenses provided that the funds are spent to deliver Core Programs and Core Services to military personnel and their families. ASYMCA paid $481,069 to these organizations in 2025.

ASYMCA receives contributions from board members, organizations affiliated with board members and ASYMCA employees in the ordinary course of operations for the year ended December 31, 2025.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31, 2025:

Money market funds	$ 192,424
Cash	9,523,713
	$ 9,716,137

Note 4. Accounts Receivable

Accounts receivable, net of discount, consist of the following at December 31, 2025:

Contribution receivables	$ 1,340,971
Discount to net present value	(5,255)
Contribution receivables, net	1,335,716
Trade receivables	1,132,322
DOD contract receivables	4,374,220
	$ 6,842,258

Promises to give are expected to be collected as follows at December 31, 2025:

Receivable in less than one year	$ 940,829
Receivable in one year	400,142
	1,340,971
Less discount to net present value	(5,255)
	$ 1,335,716

Note 5. Investments and Fair Value Measurements

ASYMCA follows the Codification Topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. The topic enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the ASYMCA performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 5. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2025.

	Level 1	Level 2	Total
Publicly traded securities:			
Common stock-multiple sectors	$ 643,658	$ -	$ 643,658
Equity mutual fund:			
Large blend	13,740,359	-	13,740,359
Foreign	3,078,792	-	3,078,792
Small cap	929,479	-	929,479
Diversified emerging markets	690,847	-	690,847
Large value	540,328	-	540,328
Diversified long-term	433,746	-	433,746
Real estate	357,097	-	357,097
Small growth	287,305	-	287,305
Small value	195,232	-	195,232
Long-term cap	176,720	-	176,720
Large growth	141,203	-	141,203
Mid-cap	131,345	-	131,345
Large cap	114,748	-	114,748
Intermediate Core Blend	62,075	-	62,075
Commodities	57,215	-	57,215
Energe	19,404	-	19,404
Utilities	17,579	-	17,579
	20,973,474	-	20,973,474
Fixed income mutual fund:			
Inflation protected bond	1,961,741	-	1,961,741
Short-term bond	1,771,689	-	1,771,689
World bond	468,342	-	468,342
Long-term bond	44,620	-	44,620
	4,246,392	-	4,246,392
Corporate bonds and U.S. Government securities	-	8,179,253	8,179,253
Money market funds-at cost	-	-	1,068,648
Investments valued using a net asset value per share or equivalent practical expedient	-	-	2,937,147
	$ 25,863,524	$ 8,179,253	$ 38,048,572

Mutual funds and equities are classified as Level 1 instruments as they are actively traded on public exchanges. The corporate bonds and U.S. Government securities are Level 2 instruments, as they are not actively traded on public exchanges and are based on corroborated market inputs.

Note 5. Investments and Fair Value Measurements (Continued)

The following presents further information regarding the composition of the private mutual funds and pooled investments valued using a net asset value or equivalent practical expedient at December 31, 2025:

Strategy/Category	Fair Value	Redemption Frequency	Redemption Notice Period
Equity fund—international (a)	$ 1,470,337	Daily	Daily
Equity fund—high yield bond (b)	1,466,810	Daily	Daily
	$ 2,937,147		

At December 31, 2025, there were no unfunded commitments.

(a) ***Equity fund—international:*** This fund is an open-end fund incorporated in the U.S., seeking to provide long-term capital growth. The fund invests in equity investments in companies that are domiciled outside the U.S., or whose securities are principally traded outside the U.S. The fund's equity investments may include common stock, preferred stock, securities convertible into common stock, warrants, rights and American and international depositary receipts. Exchange-traded funds (ETFs) that provide exposure to such investments are treated as such investments for purposes of this policy. The fund invests in at least three foreign countries and may invest in the securities of issuers in emerging market countries.

(b) ***Equity fund—high yield bond:*** This fund is an open-end fund incorporated in the U.S., seeking to provide long-term capital growth. The fund invests in high yield bonds domiciled in the U.S. or whose securities are principally traded in the U.S. The fund's investments may include all types of fixed income securities that, at the time of purchase, are non-investment grade securities. Up to 80% of these investments include all types of fixed income securities including loan participations and emerging markets debt securities and derivatives and other instruments, including ETFs that have similar economic characteristics to such securities. The remaining 20% of investments include investment grade fixed income securities, including securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprise. The fund may invest up to 25% of its total assertions in obligations of domestic and foreign issuers which are dominated in currencies other than the U.S. dollar, and in securities of issuers located in emerging countries dominated in any currency.

Note 6. Property and Equipment

Property and equipment consists of the following at December 31, 2025:

Buildings and leasehold improvements	$ 29,926,578
Office furniture and fixtures	1,886,181
Land	1,721,133
Automobiles	1,085,287
Construction in progress	16,593,365
	51,212,544
Less accumulated depreciation and amortization	(10,321,311)
	$ 40,891,233

Note 6. Property and Equipment (Continued)

Depreciation and amortization expense for the year ended December 31, 2025, was $927,355.

Note 7. Notes Payable

ASYMCA has a mortgage agreement tied to its facility in Lawton, Oklahoma's for its leasehold improvements, with an interest rate of 3.25%. The Lawton, Oklahoma branch was closed during 2024, and ASYMCA headquarters absorbed the payable. This conventional mortgage was entered into April 2021, and has no prepayment penalty. The financed amount at issuance was $440,000. As of December 31, 2025, the outstanding amount is $252,602. Maturity date of the issue is April 2031.

Previously, in Killeen, Texas, the New Hope Cultural Education Facilities Finance Corporation issued revenue promissory notes to ASYMCA in the amount of $9,327,977 that were bought by a bank. The notes were issued in two series: 2016A and 2016B. 2016A notes were repaid during the year ended December 31, 2021. The 2016B notes have a balance of $6,045,825 outstanding as of December 31, 2025, and are subject to put by the bank to ASYMCA, and to mandatory purchase by ASYMCA or designee on September 1, 2029. The loan is secured by business assets and real estate, and accrues interest at a variable secured overnight financing rate of interest through an interest rate swap agreement. The value of the interest rate swap asset was $60,752 at December 31, 2025, and is presented in prepaid expenses and other assets. The unpaid principal and interest balance is payable in 300 consecutive monthly installments, due on July 1, 2043. ASYMCA's loan agreement requires compliance with certain financial covenants, including minimum liquidity, debt service coverage and a lease requirement. As of December 31, 2025, ASYMCA was not in compliance with two of these covenants. Subsequent to year-end, the bank provided waivers of the covenant violations through July 13, 2026. Accordingly, the lender has not exercised its right to demand repayment under the loan agreement.

In addition, ASYMCA applied for an economic injury disaster loan with the U.S. Small Business Administration for $150,000 in June 2020. The proceeds from this agreement were received in June 2020, and bear interest at a fixed rate of 2.75%. Installment payments, including principal and interest, are $641 monthly. The loan matures in 30 years, and there is no pre-payment penalty or fees. The loan is secured by the assets of ASYMCA. The balance at December 31, 2025, was $131,118.

The following is a schedule of future minimum payments as of December 31, 2025:

Years ending December 31:	
2026	$ 320,136
2027	327,663
2028	335,396
2029	343,340
2030	351,502
Thereafter	4,751,508
	6,429,545
Loan issuance costs, net of amortization	(119,803)
	$ 6,309,742

Note 8. Operating Leases

ASYMCA leases space in Norfolk, Shirlington and Sentara Way for childcare, educational and family support programs, physical fitness and outdoor play, meals and meeting facilities, that expire in April 2034, August 2044 and June 2044, respectively. Leases include two options to renew for five years, generally at ASYMCA's sole discretion, with renewal terms that can extend the lease term.

These options to extend a lease are included in the lease terms when it is reasonably certain ASYMCA will exercise that option. ASYMCA's leases generally do not contain any material restrictive covenants. The leases contain rent abatements and rent escalations. These items are being recognized on a straight-line basis over the life of the leases. The component of lease expense recognized in the consolidated statement of activities for the year ended December 31, 2025, was $2,511,836.

ASYMCA elected to utilize the risk-free rate commensurate with individual lease terms. The weighted average discount rate for the year end December 31, 2025, was 4.69%. The weighted average remaining lease term is 17.61 years at December 31, 2025.

Tenant improvement allowances provided by the leases were utilized to acquire leasehold improvements. ASYMCA is recognizing the benefit related to tenant improvement allowances on a straight-line basis over the life of the leases.

The estimated future minimum payments under these leases are as follows:

Years ending December 31:	
2026	$ 2,429,229
2027	2,489,959
2028	2,552,206
2029	2,616,014
2030	2,681,414
Thereafter	35,691,645
Future minimum lease payments	48,460,467
Less imputed interest*	(16,087,931)
Discounted lease liability	$ 32,372,536

* Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

ASYMCA leases facilities and some equipment for its headquarters and several of the branches. Other leases are for terms from one to five years, excluding renewal options.

ASYMCA had a lease agreement for its headquarters space through August 31, 2023. In March 2023, an amendment was signed to extend the lease agreement through August 31, 2025. The lease then became month to month. The minimum lease payment due each month is $2,887, with no escalation clause.

Note 9. Commitments and Contingencies

Federal grants: ASYMCA participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

Note 9. Commitments and Contingencies (Continued)

Margin loan: ASYMCA has established a margin authorization agreement with one of its investment advisors that allows ASYMCA to draw funds up to 65% of investments. ASYMCA has implemented policies that allow $500,000 to be drawn with Chief Executive Officer and Chief Financial Officer approval, $1,000,000 with concurrence by the Finance Committee, and over $1,000,000 with approval of the Board of Directors. There was no amount drawn at December 31, 2025.

Self-insured short term liability: ASYMCA self-funds its short-term disability coverage. Only full-time employees participate and upon leave for a medical disability, the first 90 days ASYMCA will pay their coverage. After 90 days, they switch over to the long-term disability coverage insured by a third party.

Note 10. Leasing Arrangements as Lessor

ASYMCA leases the land under a parking garage to a tenant and other office space to subtenants. Revenue from these agreements for the year ended December 31, 2025, was $836,503.

Note 11. Pension Plan

ASYMCA participates in The YMCA Retirement Fund Retirement Plan (Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the IRC of 1986, as amended, and The YMCA Retirement Fund Tax-Deferred Savings Plan, which is a defined contribution, retirement income account plan, as defined in Section 403(b)(9) of the IRC. The Retirement Plan is subject to the Employee Retirement Income Security Act of 1974, pursuant to Section 401(d) of the IRC. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a nonprofit, tax-exempt pension fund incorporated in the state of New York (1921), organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As defined contribution plans, the Retirement Plan and tax-deferred savings plan have no unfunded benefit obligations.

In accordance with the agreement, contributions for the Retirement Plan are 12% of the participating employees' salary. These amounts are paid by the ASYMCA. Total contributions charged to retirement costs during the year ended December 31, 2025, were $1,096,489.

Contributions to The YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to The YMCA Retirement Fund. Participants may elect to contribute up to the lesser of 100% of the employees' salary or $23,500 in calendar year 2025, along with catch-up contributions up to $7,500 if the employee is 50 years of age or over at the end of the calendar year. There is no matching employer contribution in this plan.

Note 12. Net Assets With Donor Restrictions

Changes in donor restricted net assets for the year ended December 31, 2025, by type of restriction are as follows:

	Balance December 31, 2024	Change in Value and Additions	Release of Restrictions	Balance December 31, 2025
Donor restricted—purpose	$ 10,271,910	$ 54,833	$ 4,411,468	$ 5,915,275
Endowment	55,144	-	-	55,144
Time restricted	291,479	1,017,808	593,978	715,309
	$ 10,618,533	$ 1,072,641	$ 5,005,446	$ 6,685,728

Note 13. Donor Restricted Endowments

ASYMCA's endowments represent restricted net assets that are permanent in nature, the income from which is expendable to support several of ASYMCA's programs. The balance in the endowment at December 31, 2025, was $55,144, comprised of $0 of accumulated gains and $55,144 for corpus.

Interpretation of the relevant law: The Board of Directors of ASYMCA has interpreted the Virginia enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, ASYMCA classifies as donor restricted endowment net assets: (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) the accumulations to the donor restricted 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 classified as donor restricted net assets, until those amounts are appropriated for expenditure by ASYMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ASYMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of ASYMCA's endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

Return objective and risk parameters: ASYMCA's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support their programs. The endowment funds are included within investments which are detailed in Note 5.

Note 14. Liquidity and Financial Availability

Spending policies: The earnings from these endowments are available in support of programs and general operations of ASYMCA, as determined by the Board of Directors, in a prudent manner, which is generally considered to be 5% to 7% annually.

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

Cash and cash equivalents	$ 9,716,137
Receivables, net	6,842,258
Investments	38,048,572
Total liquidity	54,606,967
Less:	
Net assets with donor restrictions excluding time restrictions due within one year	(5,970,419)
Financial assets available to meet cash needs for general expenditures in 2026	$ 48,636,548

ASYMCA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2025, the Organization maintained an available margin loan facility with a financial institution providing for borrowings up to $3,000,000. The facility is secured by certain investment securities held in the Organization’s investment account. Borrowings under the facility bear interest at a variable rate equal to the Secured Overnight Financing Rate (SOFR) plus 120 basis points. The interest rate is subject to periodic adjustment based on changes in the underlying benchmark rate. As of December 31, 2025, there were no outstanding borrowings under the facility.