S&P Global Ratings

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Summary:

Young Men's Christian Assn. of Greater New York; Non-Profit Organizations

Primary Credit Analyst:
Phillip A Pena, San Francisco + 1 (415) 371 5039; phillip.pena@spglobal.com

Secondary Contact:
Gauri Gupta, Chicago + 1 (312) 233 7010; gauri.gupta@spglobal.com

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Summary:

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Credit Profile		
Young Men's Christian Association of Greater New York Non-Profit		
Long Term Rating	BBB/Stable	Affirmed

Credit Highlights

- S&P Global Ratings affirmed its 'BBB' rating on Young Men's Christian Assn. (YMCA) of Greater New York's outstanding general obligation (GO) bonds.
- The outlook is stable.

Security

YMCA's fiscal year ends in December, and therefore we do not currently have fiscal 2023 audited financials available and are using fiscal 2022 for the basis of our analysis. As of fiscal 2022, YMCA's total debt was approximately $144.6 million, comprising $139.8 million of bonds and operating and finance leases totaling $4.8 million. All bonds are an unsecured GO of the YMCA. We note the series 2021 bonds have a total debt service payment of about $62 million in fiscal 2026, which we have smoothed given our belief in YMCA's market access as well as a credible plan to address the bullet. Maximum annual debt service when smoothed is $7.1 million, equivalent to a 4.07% MADS burden.

Credit overview

The rating reflects our opinion of YMCA's long history of strong relationships with New York City communities, diverse revenue base, and high-quality management. The rating also reflects our opinion of the trend of demand growth across memberships, programs, and residence programs since the low point of the pandemic . Additionally, it reflects our opinion that cash and investments, while down from peak levels in fiscal 2021, are still sufficient for the rating category and adequate compared to pre-pandemic levels. We also understand that YMCA has set aside $16 million as of late 2023 to address the $62 million bullet maturity coming due in 2026, and that monthly contributions of $150,000 are made to the bond maturity fund.

The rating also reflects our view of YMCA's:

- Established brand with strong community ties and diverse programming;
- Continued demand growth, with growth across memberships and programs, and residential programs in each year since the pandemic; and
- Relatively diverse revenue base, with operating revenues comprising residential programs (25%), government contracts (31%), and membership and program fees (36%).

Somewhat offsetting factors are what we consider YMCA's:

- $62 million bullet maturity associated with its series 2021 bonds that is coming due in fiscal 2026, though there are plans to address the bullet;
- Modestly negative operating performance in fiscal 2022, with a $6.1 million operating loss, though fiscal 2023 is anticipated to end with an operating surplus; and
- Ongoing capital needs related to building and facilities renewal.

YMCA is a community-service organization to empower youth, improve health, and strengthen community. Founded in 1852, the New York City YMCA is one of the largest in existence and operates branches and community centers throughout the five boroughs. YMCA also operates transitional housing and guestroom programs, along with a counseling center. Its programming promotes youth development, healthy living, social responsibility, and community collaboration.

For more information, see the full analysis published Jan. 26, 2024, on RatingsDirect.

Environmental, social, and governance

We have evaluated the YMCA's environmental, social, and governance (ESG) factors relative to its enterprise and financial risk profiles and view them as neutral within our credit analysis.

Outlook

The stable outlook reflects our expectation that demand will continue to grow but will remain below pre-pandemic levels. We also expect the balance sheet will remain adequate for the rating category, and that the $62 million bullet will be adequately addressed in 2026. The outlook also reflects our view that operating performance will be near break even.

Downside scenario

We could lower the rating if operating results or financial resources were to materially weaken from current levels, or if YMCA were to issue additional significant debt without commensurate growth in financial resources. We would also view a drop in demand as a pressuring credit factor.

Upside scenario

We could consider a positive rating action if YMCA were to demonstrate increased operational stability, a continued trend of material membership growth, and improved financial resources, as well as supporting any additional debt with commensurate growth in resources. Continued growth in the bullet maturity fund would also be viewed favorably.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of January 26, 2024)

Ratings Detail (As Of January 26, 2024) (cont.)		
Young Men's Christian Association of Greater New York GO bnds ser 2020 due 08/01/2042		
Long Term Rating	BBB/Stable	Affirmed
Build NYC Resource Corp, New York		
Young Men's Christian Association of Greater New York, New York		
Build NYC Resource Corp (YMCA of Greater New York) Non-Profit		
Long Term Rating	BBB/Stable	Affirmed