MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms the YMCA of Greater New York, NY's Baa2; outlook stable

30 Jul 2024

New York, July 30, 2024 -- Moody's Ratings (Moody's) has affirmed the Baa2 revenue bond ratings for the YMCA of Greater New York, NY. The organization had $144 million of total debt for fiscal 2023 (December 31 fiscal year end). The outlook is stable.

RATINGS RATIONALE

Affirmation of the YMCA of Greater New York's Baa2 ratings reflects its very good brand and critical role as a community service partner throughout New York City's five boroughs, supporting very good strategic positioning. Operating performance has normalized after material pandemic-related fluctuations and should remain generally near break-even levels, with solid EBIDA margins around 10%. Financial reserves have grown considerably, with total cash and investments of $148 million for fiscal 2023, up over 50% since fiscal 2019. Spendable cash and investment coverage of total adjusted debt is a very good 0.9x, though coverage of operating expenses is somewhat weaker, at 0.7x. The YMCA also has considerable real estate assets with greater market value than reflected in its financial statements. Strength of management and governance is demonstrated by ongoing adaptability to changing consumer preferences and local needs as well as by successful execution of major capital plans, including two new branches. While a large bullet maturity in 2026 adds some debt structure and liquidity risk, plans are in place for partial paydown. This planned debt paydown, some use of reserves for a new branch, and the organization's mission limit the likelihood of substantial growth in liquidity. A further challenge is enterprise risk should the YMCA brand be adversely impacted.

RATING OUTLOOK

The stable outlook is based on our expectations that operating performance will remain generally balanced and that reserves will remain generally steady other than planned uses for capital investment and debt paydown.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained and consistent operating surpluses

- Material growth in flexible reserves providing additional cushion relative to debt and operations

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material use of financial reserves to support operations

- Decreased support from local, state or federal sources

- Heightened financial leverage

LEGAL SECURITY

Bonds are an unconditional general obligation of the YMCA of Greater New York.

PROFILE

The Young Men's Christian Association of Greater New York is a not-for-profit community service organization that was originally established in 1852. The organization is the largest YMCA system in the US and is spread across the five boroughs of New York City, providing health and fitness, youth services and residence facilities. Operating revenue was $197 million in fiscal year 2023.

METHODOLOGY

The principal methodology used in these ratings was Nonprofit Organizations (Other Than Healthcare and Higher Education) published in May 2019 and available at https://ratings.moodys.com/rmc-documents/61538 . Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions .

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