THE YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA) OF GREATER GRAND RAPIDS

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

BeeneGarter
A DOEREN MAYHEW FIRM

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
The Young Men's Christian Association (YMCA)
of Greater Grand Rapids
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of the YMCA of Greater Grand Rapids (YMCA), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the YMCA as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 YMCA 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 opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, the YMCA changed its method of accounting for leases as of January 1, 2022. Our opinion is not modified with respect to this matter.

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 YMCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 the YMCA'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 YMCA'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023on our consideration of the YMCA'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 solely 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 the effectiveness of the YMCA's 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 YMCA's internal control over financial reporting and compliance.

Beene Garter

Beene Garter
A Doeren Mayhew Firm
Grand Rapids, MI
June 23, 2023

FINANCIAL STATEMENTS

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	**$ 4,017,969**	$ 5,122,699
Investments	**7,293,686**	13,081,383
Accounts and grants receivable, net of allowance for doubtful accounts of $83,391 and $95,320, in 2022 and 2021 respectively	**729,611**	690,456
Pledges receivable, net of allowance	**702,398**	548,131
Other assets	**421,377**	651,878
Property and equipment	**69,922,633**	68,642,072
Right-of-use assets, operating leases	**727,171**	-
Beneficial interests in perpetual trusts	**724,249**	894,446
Settlement value of interest rate swaps	**1,326,628**	-
TOTAL ASSETS	**$ 85,865,722**	$ 89,631,065
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 1,813,790**	$ 1,681,275
Deferred program and membership income	**1,015,274**	886,208
Deferred grant income	**2,062,385**	-
Note payable	**1,000,000**	1,000,000
Lease liabilitites - financing	**1,072,020**	79,017
Lease liabilitites - operating	**735,194**	-
Obligations under interest rate swaps	**-**	1,887,767
Bonds payable, net of unamortized financing fees of $349,177 and $511,706, respectively	**28,489,727**	38,229,294
TOTAL LIABILITIES	**36,188,390**	43,763,561
Net Assets		
Without donor restrictions	**45,659,033**	39,776,216
With donor restrictions	**4,018,299**	6,091,288
TOTAL NET ASSETS	**49,677,332**	45,867,504
TOTAL LIABILITIES AND NET ASSETS	**$ 85,865,722**	$ 89,631,065

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions and grants	$ 3,815,737	$ 1,411,884	**$ 5,227,621**	$ 3,747,212	$ 2,994,575	**$ 6,741,787**
Childcare Stabilization Program	3,791,000	-	**3,791,000**	-	-	**-**
Paycheck Protection Program	-	-	**-**	3,602,115	-	**3,602,115**
Employee Retention Credit income	-	-	**-**	2,850,606	-	**2,850,606**
Membership fees	15,098,859	-	**15,098,859**	10,653,188	-	**10,653,188**
Childcare fees	4,595,954	-	**4,595,954**	3,787,378	-	**3,787,378**
Program fees	3,646,743	-	**3,646,743**	2,610,159	-	**2,610,159**
Miscellaneous income	11,592	-	**11,592**	60,160	-	**60,160**
Loss on disposal of property and equipment	(85,572)	-	**(85,572)**	(88,200)	-	**(88,200)**
Investment (loss) income	(572,119)	(8,786)	**(580,905)**	244,133	4,637	**248,770**
Interest rate swap adjustment	3,309,863	-	**3,309,863**	1,747,027	-	**1,747,027**
Change in beneficial interests in perpetual trusts	-	(170,198)	**(170,198)**	-	67,315	**67,315**
Net assets released from restrictions	3,305,889	(3,305,889)	**-**	605,342	(605,342)	**-**
Total Revenues, Gains, and Other Support	**36,917,946**	**(2,072,989)**	**34,844,957**	**29,819,120**	**2,461,185**	**32,280,305**
Expenses						
Program services						
Aquatic program	2,675,037	-	**2,675,037**	1,776,881	-	**1,776,881**
Camping program	1,550,615	-	**1,550,615**	1,053,559	-	**1,053,559**
Child care	10,391,213	-	**10,391,213**	8,978,225	-	**8,978,225**
Physical fitness and wellness	8,589,805	-	**8,589,805**	6,063,532	-	**6,063,532**
Healthy living	4,281,409	-	**4,281,409**	2,709,167	-	**2,709,167**
Total Program Services	**27,488,079**	**-**	**27,488,079**	**20,581,364**	**-**	**20,581,364**
Supporting services						
Management and general	3,108,666	-	**3,108,666**	2,829,260	-	**2,829,260**
Fundraising	438,384	-	**438,384**	355,860	-	**355,860**
Total Supporting Services	**3,547,050**	**-**	**3,547,050**	**3,185,120**	**-**	**3,185,120**
Total Expenses	**31,035,129**	**-**	**31,035,129**	**23,766,484**	**-**	**23,766,484**
INCREASE (DECREASE) IN NET ASSETS	**5,882,817**	**(2,072,989)**	**3,809,828**	**6,052,636**	**2,461,185**	**8,513,821**
NET ASSETS AT BEGINNING OF YEAR	39,776,216	6,091,288	**45,867,504**	33,723,580	3,630,103	**37,353,683**
NET ASSETS AT END OF YEAR	**$ 45,659,033**	**$ 4,018,299**	**$ 49,677,332**	**$ 39,776,216**	**$ 6,091,288**	**$ 45,867,504**

See accompanying notes

Year Ended December 31, 2022

	PROGRAM SERVICES						SUPPORTING SERVICES		
	AQUATIC PROGRAMS	CAMPING PROGRAMS	CHILD CARE	PHYSICAL FITNESS & WELLNESS	HEALTHY LIVING	TOTAL	MANAGEMENT & GENERAL	FUND RAISING	TOTAL EXPENSES
SALARIES & WAGES	$ 1,471,819	$ 569,469	$ 4,813,938	$ 4,046,343	$ 2,153,173	$ 13,054,742	$ 1,587,948	$ 342,498	**$ 14,985,188**
EMPLOYEE BENEFITS	73,124	48,027	616,195	276,329	239,328	1,253,003	203,059	34,416	**1,490,478**
PAYROLL TAXES	120,196	43,567	406,481	330,033	163,996	1,064,273	119,899	18,614	**1,202,786**
CONTRACTED SERVICES	84,257	82,975	387,788	270,173	33,218	858,411	378,372	9,040	**1,245,823**
SUPPLIES	70,638	258,406	735,108	403,119	297,643	1,764,914	12,929	3,992	**1,781,835**
TELEPHONE	18,192	14,255	81,820	58,804	14,057	187,128	16,448	1	**203,577**
POSTAGE & SHIPPING	249	1,762	749	679	213	3,652	13,792	775	**18,219**
OCCUPANCY	313,983	146,507	1,499,993	1,043,870	133,288	3,137,641	97,790	-	**3,235,431**
EQUIPMENT	8,487	21,051	57,053	27,653	67,123	181,367	8,356	3	**189,726**
ADVERTISING & PRINTING	4,221	2,250	19,967	12,166	4,085	42,689	234,280	5,787	**282,756**
TRAVEL & EMPLOYEE EXPENSES	4,558	76,741	39,550	17,238	36,142	174,229	28,983	2,731	**205,943**
CONFERENCES & MEETINGS	11,401	4,051	43,506	18,783	50,337	128,078	40,709	2,272	**171,059**
BAD DEBT EXPENSE	-	-	-	-	-	-	66,857	-	**66,857**
ORGANIZATIONAL DUES & SUPPORT	42,202	30,039	169,372	136,154	65,409	443,176	38,385	1,193	**482,754**
AWARDS & GRANTS	(16,768)	(7,462)	(60,893)	(60,919)	231,472	85,430	(19,120)	(2,851)	**63,459**
FINANCING COSTS	156,894	26,451	630,751	929,453	1,853	1,745,402	37,439	-	**1,782,841**
INSURANCE	18,198	10,398	73,520	58,436	29,126	189,678	31,793	16,913	**238,384**
MISCELLANEOUS EXPENSES	5	(2,800)	1,285	75,015	1	73,506	3,021	-	**76,527**
DEPRECIATION & AMORTIZATION	287,803	224,640	864,289	934,541	760,943	3,072,216	140,671	-	**3,212,887**
INKIND EXPENSE	5,578	288	10,741	11,935	2	28,544	67,055	3,000	**98,599**
SPECIAL EVENT EXPENSE	-	-	-	-	-	-	-	77,841	**77,841**
TOTAL EXPENSE	**2,675,037**	**1,550,615**	**10,391,213**	**8,589,805**	**4,281,409**	**27,488,079**	**3,108,666**	**516,225**	**31,112,970**
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES SPECIAL EVENT EXPENSES	-	-	-	-	-	-	-	(77,841)	**(77,841)**
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	**$ 2,675,037**	**$ 1,550,615**	**$ 10,391,213**	**$ 8,589,805**	**$ 4,281,409**	**$ 27,488,079**	**$ 3,108,666**	**$ 438,384**	**$ 31,035,129**

Year Ended December 31, 2021

	PROGRAM SERVICES						SUPPORTING SERVICES		
	AQUATIC PROGRAMS	CAMPING PROGRAMS	CHILD CARE	PHYSICAL FITNESS & WELLNESS	HEALTHY LIVING	TOTAL	MANAGEMENT & GENERAL	FUND RAISING	TOTAL EXPENSES
SALARIES & WAGES	$ 871,421	$ 351,115	$ 3,769,997	$ 2,635,495	$ 1,709,157	**$ 9,337,185**	$ 1,338,797	$ 289,857	**$ 10,965,839**
EMPLOYEE BENEFITS	21,351	20,032	321,790	117,731	137,491	**618,395**	73,715	6,211	**698,321**
PAYROLL TAXES	68,916	26,235	281,187	195,160	140,869	**712,367**	89,160	16,243	**817,770**
CONTRACTED SERVICES	64,402	38,095	353,928	206,072	12,204	**674,701**	512,682	22,894	**1,210,277**
SUPPLIES	48,109	142,236	531,540	246,197	230,511	**1,198,593**	9,013	429	**1,208,035**
TELEPHONE	13,228	13,373	76,947	42,559	9,887	**155,994**	14,742	222	**170,958**
POSTAGE & SHIPPING	64	1,264	655	131	316	**2,430**	27,246	1,966	**31,642**
OCCUPANCY	227,159	136,772	1,347,202	786,517	89,542	**2,587,192**	203,589	-	**2,790,781**
EQUIPMENT	4,198	5,930	28,764	15,422	11,813	**66,127**	14,424	57	**80,608**
ADVERTISING & PRINTING	1,713	1,507	16,471	6,169	2,146	**28,006**	244,418	3,774	**276,198**
TRAVEL & EMPLOYEE EXPENSES	3,309	51,885	31,095	9,252	39,892	**135,433**	17,289	726	**153,448**
CONFERENCES & MEETINGS	6,315	2,571	26,677	6,456	19,637	**61,656**	8,667	808	**71,131**
BAD DEBT EXPENSE	-	-	-	-	-	**-**	(110,017)	-	**(110,017)**
ORGANIZATIONAL DUES & SUPPORT	20,304	18,880	106,852	69,038	29,604	**244,678**	17,367	530	**262,575**
AWARDS & GRANTS	(15,692)	(6,987)	(55,831)	(81,867)	217,631	**57,254**	(21,829)	(2,623)	**32,802**
FINANCING COSTS	151,221	17,615	747,450	768,968	1,187	**1,686,441**	22,531	-	**1,708,972**
INSURANCE	11,786	17,525	60,238	40,211	17,788	**147,548**	54,783	14,690	**217,021**
MISCELLANEOUS EXPENSES	79	60	406	49,763	43	**50,351**	2,082	1	**52,434**
DEPRECIATION & AMORTIZATION	278,835	212,433	1,330,756	949,491	39,448	**2,810,963**	195,615	-	**3,006,578**
INKIND EXPENSE	163	3,018	2,101	767	1	**6,050**	114,986	75	**121,111**
SPECIAL EVENT EXPENSE	-	-	-	-	-	**-**	-	56,271	**56,271**
TOTAL EXPENSE	**1,776,881**	**1,053,559**	**8,978,225**	**6,063,532**	**2,709,167**	**20,581,364**	**2,829,260**	**412,131**	**23,822,755**
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES SPECIAL EVENT EXPENSES	-	-	-	-	-	**-**	-	(56,271)	**(56,271)**
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	**$ 1,776,881**	**$ 1,053,559**	**$ 8,978,225**	**$ 6,063,532**	**$ 2,709,167**	**$ 20,581,364**	**$ 2,829,260**	**$ 355,860**	**$ 23,766,484**

See accompanying notes

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Increase in net assets	**$ 3,809,828**	$ 8,513,821
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**3,212,887**	3,006,578
Amortization of financing fees included in financing costs	**162,529**	71,455
Interest rate swap adjustment	**(3,309,863)**	(1,747,027)
Contributions restricted for endowment and capital purposes	**(324,448)**	(1,429,396)
Provision for doubtful accounts and pledges receivable	**66,857**	27,784
Recovery of doubtful accounts	**-**	(137,801)
Loss on disposal of property and equipment	**85,572**	88,200
Net realized and unrealized loss on investments	**971,332**	211,160
Unrealized loss (gain) on beneficial interests in perpetual trusts	**170,197**	(67,315)
Changes in operating assets and liabilities		
Accounts receivable	**(74,345)**	(128,127)
Pledges receivable	**(366,181)**	154,251
Other assets	**230,501**	(296,001)
Accounts payable and accrued expenses	**177,739**	(122,147)
Deferred program and membership income	**129,066**	(220,617)
Right-of-use assets and liabilities, operating leases	**8,023**	-
Deferred grant income	**2,062,385**	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**7,012,079**	7,924,818
Cash Flows from Investing Activities		
Proceeds from sale of investments	**17,214,507**	3,272,705
Purchase of investments	**(12,398,142)**	(9,813,164)
Additions to property and equipment	**(3,431,849)**	(1,086,697)
Proceeds from sale of property and equipment	**-**	1,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**1,384,516**	(7,626,156)

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Financing Activities		
Proceeds from note payable	$ -	$ 1,000,000
Principal payments on bonds payable	(9,902,096)	-
Proceeds from swap termination	95,468	-
Payments on finance lease obligations	(199,392)	(118,890)
Proceeds from contributions restricted for endowment and capital purposes	504,695	1,105,150
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(9,501,325)	1,986,260
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,104,730)	2,284,922
Cash and Cash Equivalents at Beginning of Year	5,122,699	2,837,777
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,017,969	$ 5,122,699
Supplemental Information		
Cash paid for interest expense	$ 1,196,259	$ 1,319,472
Non-Cash Transactions		
Property and equipment included in accounts payable	$ 33,279	$ 78,503
Property and equipment financed with lease obligations	$ 1,192,395	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The YMCA of Greater Grand Rapids (YMCA) strives to be West Michigan's leading nonprofit strengthening communities through youth development, healthy living, and social responsibility. Through our seven branch locations, YMCA Camp Manitou-Lin, Child Development Centers and childcare programs, and over 100 community program sites, the YMCA is committed to improving the health and well-being of children, individuals, and families throughout our community.

With a mission to put Christian principles into practice through programs that build a healthy spirit, mind, and body for all, our impact is felt when an individual makes a healthy choice, when a mentor inspires a child, and when a community comes together for the common good.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and on deposit as well as highly liquid investments purchased with a maturity of three months or less.

The YMCA places its cash with federally insured financial institutions. The YMCA had cash balances that exceeded the federally insured limits at December 31, 2022 and 2021 and throughout the year.

Cash restricted for long-term purposes was $499,137 and $966,887 at December 31, 2022 and 2021, respectively.

Investments

The YMCA invests in various securities which are carried in the financial statements at fair value with both realized and unrealized gains and losses included in the statement of activities. The securities are of a highly liquid and actively traded nature. Investments received as donations are recorded initially at fair value on the date of receipt. Net investment income/(loss) reported in the statements of activities consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Fair Value Measurements and Disclosures

U.S. generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Accounts and Grants Receivable

Accounts receivable and fee for service grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Fee for service grant revenue is recognized under the terms of each grant, typically when expenditures are made or service is provided.

Accounts, and grants receivable were $590,113 at January 1, 2021.

Pledges Receivable

Unconditional pledges receivable are recognized as revenue in the period the pledge is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

Unconditional pledges expected to be collected in periods in excess of one year are recognized at the discounted net present value of the estimated future cash flows at the time the pledge is received using discount rates that approximate U.S. Treasury rates. The change in the present value due to the passage of time is recognized as contribution revenue. Management annually reviews these assets to determine the net realizable value of the pledge. The discount to present value for long-term pledges receivable was not material to record for the years ended December 31, 2022 and 2021.

Property and Equipment and Depreciation

Property and equipment additions are recorded at cost or, if donated, at the fair market value on the date of the gift. Donations of property and equipment are recorded as support at estimated fair value at the time received. The YMCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management annually reviews assets to determine whether carrying values have been impaired. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No such losses were recognized during 2022 and 2021.

Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. The YMCA capitalizes, at cost, all expenditures for fixed assets in excess of $1,500, including bulk purchases. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range generally from 3 to 40 years, except for equipment acquired by federal grant funds, which is depreciated over the term of the grant.

Capitalized Interest

Interest costs related to borrowings necessary for the completion of new facilities are capitalized during the construction period, and are subsequently depreciated over the estimated useful life of the facility.

Leases

The YMCA recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). Lease and non-lease components of a contract are accounted for as separate lease components. The YMCA's right-of-use assets and lease liabilities primarily relate to childcare facilities and exercise equipment. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised.

Right-of-use assets and lease liabilities are recorded at the net present value of future lease payments and include any initial direct costs incurred at lease commencement. The incremental borrowing rate is used to determine the net present value of the lease when the rate implicit in the lease is not readily determinable. This represents the rate of interest the YMCA would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Right-of-use assets under finance leases are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis. Right-of-use assets under operating leases are reduced as lease expense is incurred.

Short-term leases (initial terms less than 12 months) are expensed on a straight-line basis over the lease term.

Financing Fees

Bond financing fees are capitalized and amortized over the life of the related bonds. Financing fees are shown as a reduction of the carrying amount of the debt. Amortization of the fees, as well as the amount expensed upon the retirement of bonds in 2022, is reported as financing costs on the statement of functional expenses.

Derivative Instruments

The YMCA has entered into receive-variable, pay fixed interest rate swaps to manage interest rate risk. The swap contracts qualify for the simplified hedge accounting alternative offered to nonpublic entities and are measured at settlement value. Gains or losses on the hedge are included in the statement of activities.

Net Assets

The financial statements of the YMCA have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the YMCA to report information regarding its financial position and activities according to the following net asset classifications:

- 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 purposes as described in Note 11.

- Net assets with donor restrictions – Net assets subject to donor (or certain grantor) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service. The YMCA reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor-restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The YMCA recognizes revenue from contracts with customers through four primary revenue streams including membership fees, program fees, childcare fees and sales of goods. Fees are payable prior to the start of the applicable service period. Revenue is recognized evenly over the service period. Deferred program and membership income (contract liabilities) on the statement of financial position represents payments received from members for which the service period has not yet occurred. These revenues are recognized as earned over the life of the membership or program. The YMCA also records unearned revenues in the event funds are received from reimbursable grant agreements prior to the expenditure of grant funds. Revenue is recognized as funds are expended. Deferred program and membership income (contract liabilities) as of January 1, 2021 was $1,106,825.

The following table summarizes the YMCA's disaggregated revenue based on timing of revenue recognition:

	2022	2021
Revenue recognized over time (fees for service)	**$ 22,800,543**	$ 16,596,391
Revenue recognized at a point in time (sale of goods)	**541,013**	454,334
Revenue from contracts with customers	**$ 23,341,556**	$ 17,050,725

Contributions

Contributions are reported as revenue when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met. Special events revenue of $305,017 and $221,616 net of direct expenses of $77,841 and $56,271 has been included in contributions and grants on the statement of activities for the years ended December 31, 2022 and 2021, respectively.

Employee Retention Credit

Under provisions of the CARES Act signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the YMCA was eligible for a refundable employee retention credit (ERC) subject to certain criteria. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and expanded the qualified wage caps on these credits through the expiration date of September 30, 2021.

The YMCA recognized $2,850,606 of ERC during 2021. For 2021, $2,850,606 is included in the statement of activities and changes in net assets. ERCs of $227,746 were claimed during 2020, and were received subsequent to December 31, 2022.

The accounting policy used for the ERC was the contribution model.

Donated Services

Each year numerous volunteers donate a significant amount of time supporting the YMCA's programs and activities. Management estimates that volunteers contributed approximately 9,600 and 9,800 hours of service during 2022 and 2021, respectively. These contributions, although clearly substantial, are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Internal Revenue Service has determined the YMCA is exempt from income taxes under provisions of Code Section 501(c)(3). In addition, the YMCA qualifies for charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

Advertising

The YMCA expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were approximately $283,000 and $276,000, respectively.

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to December 31, 2022 for potential recognition or disclosure in these financial statements. The evaluation was performed through June 23, 2023 the date the financial statements were available for issuance. Subsequent event disclosures are provided in Note 9.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. It is at least reasonably possible that the estimates used in calculating the accounts receivable and pledge receivable allowances could change over the course of the next year.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The main provisions of this pronouncement include requiring financial assets to be presented at the net amount expected to be collected utilizing an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022.

Management is currently evaluating the impact this guidance will have on its financial statements.

NOTE 2 - ADOPTION OF NEW ACCOUNTING STANDARD

On January 1, 2022, the YMCA adopted new guidance under Accounting Standards Codification (ASC) Topic 842, Leases. Under the new guidance the YMCA recognizes right of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are now classified as either finance or operating leases which dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The YMCA adopted Topic 842 using the modified retrospective method. Accordingly, the new guidance was applied retrospectively to leases that existed as of January 1, 2022 (the date of initial application). As result, the YMCA recorded right-of-use assets of $866,815 and liabilities of $866,815. The adoption did not have a significant impact on the YMCA's net assets, results of operations or cash flows.

The YMCA elected the following practical expedients and accounting policy elections:

1. Expired or existing contracts were not reassessed to determine whether they are or contain leases upon adoption.
2. Previous classification of existing leases (operating or finance) was retained as of the date of adoption.
3. Initial direct costs were not reassessed upon adoption.
4. Lease and non-lease components of a contract are accounted for separately.

NOTE 3 - LIQUIDITY

The YMCA's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2022	2021
Cash and cash equivalents	**$ 3,436,271**	$ 4,051,232
Accounts receivable	**729,611**	690,456
Pledges receivable	**450,934**	131,641
Investment spending-rate distributions from board-designated funds	**265,640**	284,046
	$ 4,882,456	$ 5,157,375

As part of the YMCA's liquidity management plan, certain funds are invested according to a board approved investment policy which provides for a 3% distribution to supplement operations. These anticipated distributions are included above.

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows at December 31:

	2022			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash Equivalents	**$ 799,272**	**$ 799,272**	**$ -**	**$ -**
Equities	**967,191**	**967,191**	**-**	**-**
Mutual Funds	**-**	**-**	**-**	**-**
Asset backed securities	**25,803**	**25,803**	**-**	**-**
Mutual Funds	**226,281**	**226,281**	**-**	**-**
Exchange-Traded Products	**1,322,880**	**1,322,880**	**-**	**-**
Corporate Bonds	**3,952,259**	**3,952,259**	**-**	**-**
Total investments	**7,293,686**	**7,293,686**	**-**	**-**
Beneficial Interests in Perpetual Trusts	**724,249**	**-**	**-**	**724,249**
	$ 8,017,935	**$ 7,293,686**	**$ -**	**$ 724,249**

	2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	$ 502,816	$ 502,816	$ -	$ -
Equities	1,222,475	1,222,475	-	-
Asset Backed Securities	57,291	57,291	-	-
Mutual Funds	321,842	321,842	-	-
Exchange-Trade Products	2,299,097	2,299,097	-	-
Corporate Bonds	8,677,862	8,677,862	-	-
Total investments	13,081,383	13,081,383	-	-
Beneficial Interests in Perpetual Trusts	894,446	-	-	894,446
	$ 13,975,829	$ 13,081,383	$ -	$ 894,446

Fair values for investments are determined by reference to quoted market prices generated by market transactions. The beneficial interests in perpetual trusts are valued using other relevant information.

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable (Level 3) information:

	2022	2021
Balance, beginning of year	**$ 894,446**	$ 827,131
Net unrealized (loss) gain on perpetual trusts	**(170,197)**	67,315
Balance, end of year	**$ 724,249**	$ 894,446

NOTE 5 - PLEDGES RECEIVABLE

Unconditional pledges receivable are summarized as follows at December 31:

	2022	2021
Receivable in less than one year	**$ 385,505**	$ 355,848
Receivable in one to five years	**445,145**	289,535
Less allowance for doubtful pledges	**(128,252)**	(97,252)
Net Unconditional Pledges Receivable	**$ 702,398**	$ 548,131

Pledges from the three largest donors comprise approximately 61% and 58% of gross pledges receivable at December 31, 2022 and 2021.

Various individuals, foundations and businesses have provided conditional commitments to support the YMCA. These commitments are subject to conditions being fulfilled and will be recorded as revenue as the conditions are met.

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31 consist of the following:

	2022	2021
Land and land improvements	**$ 11,120,037**	$ 10,995,587
Buildings and leasehold improvements	**83,745,058**	80,957,622
Equipment	**13,358,742**	13,077,007
Equipment under finance leases	**1,825,792**	640,696
Artwork	**194,801**	194,801
Construction in progress	**321,962**	1,689,971
Total Property and Equipment	**110,566,392**	107,555,684
Less accumulated depreciation	**(40,643,759)**	(38,913,612)
Net Property and Equipment	**$ 69,922,633**	$ 68,642,072

Construction in progress as of December 31, 2022 relates primarily to construction of a childcare facility. During 2022, assets relating to a new branch and technology upgrades were placed in service.

NOTE 7 - LEASE AGREEMENTS

The YMCA leases facilities to provide childcare services under long-term, non-cancellable operating leases that expire at various dates through 2031. Monthly payments range from $1,000 to $5,625, increasing to a range of $1,030 to $6,414 through the lease term. Certain leases require a monthly charge for common area maintenance based on actual costs incurred. In addition, the YMCA is obligated under finance leases for certain exercise equipment that expire at various dates through 2027. Monthly payments range from $2,318 to $17,179.

The YMCA's lease expense consists of the following for the year ended December 31, 2022:

Operating lease cost	$ 150,779
Finance lease cost	
Amortization of right-of-use assets	172,915
Interest on lease liabilities	39,140
Total lease cost	**$ 362,834**

Lease expense totaled approximately $131,000 for the year ended December 31, 2021.

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Supplemental lease information is as follows for the year ended December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities	
Operating cash flows from operating leases	$ 142,755
Operating cash flows from finance leases	33,486
Financing cash flows from finance leases	199,392
Right-of-use assets obtained in exchange for operating lease liabilities	866,815
Right-of-use assets obtained in exchange for finance lease liabilities	1,198,506
Weighted-average remaining lease term - operating leases	5.89
Weighted-average remaining lease term - finance leases	4.45
Weighted-average discount rate - operating leases	1.40%
Weighted-average discount rate - finance leases	6.30%

Remaining lease payments are as follows:

	Finance Leases	Operating Leases
Years ending December 31		
2023	$ 279,484	$ 147,459
2024	277,166	148,839
2025	277,166	133,583
2026	277,166	85,368
2027	127,322	87,196
Thereafter	-	163,713
Total minimum lease payments	1,238,304	766,158
Less: imputed interest	(166,284)	(30,964)
Present value of lease liabilities	**$ 1,072,020**	**$ 735,194**

NOTE 8 - NOTE PAYABLE

The YMCA has a $1,000,000 note payable to a local foundation. Interest accrues at 3%. Semi-annual interest only payments of $15,000 began September 2021, and continued through September 2022. Semi-annual principal and interest payments of $107,812 begin in March 2023 and continue through March 2028. The annual maturities of the note are as follows:

Years ending December 31:

2023	$	157,958
2024		167,578
2025		177,784
2026		191,721
2027		200,287
Thereafter		104,672
	$	**1,000,000**

NOTE 9 - BONDS PAYABLE

Bond obligations were issued through the Michigan Strategic Fund administered through a Master Trustee. The bonds were sold as multi-modal limited obligation revenue and refunding bonds and were purchased by two sophisticated investors. These investors merged in 2021. The bonds bear interest at variable rates and are secured by the respective pro-rata interests in a Master Indenture, which is secured by a mortgage on a majority of real property, personal property, and capital campaign pledge receivables. Principal and interest is payable in monthly installments throughout the life of the bonds. Due to disruptions associated with the COVID-19 pandemic, principal payments during 2021 were deferred. Principal payments resumed in January 2022. In November 2026, all bonds will be called, which will require them to be refinanced.

Bonds payable at December 31 consist of the following:

	2022	2021
$25,000,000- 2016 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of LIBOR (effective rate of 4.40% as December 31, 2022), due in monthly installments ranging from $73,500 to $132,012 through 2026	**$ 21,102,904**	$ 22,315,500
$9,225,000- 2016 multi-modal limited obligation revenue and revenue refunding bond. This obligation was paid in full during 2022	**-**	8,244,000
$8,828,500 - 2018 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of LIBOR (effective rate of 4.56% at December 31, 2022), due in monthly installments ranging from $27,000 to $48,375 through 2026	**7,736,000**	8,181,500
	28,838,904	38,741,000
Less: Unamortized financing fees	**(349,177)**	(511,706)
	$ 28,489,727	$ 38,229,294

Future maturities of bonds payable are as follows:

<u>Years ending December 31:</u>

2023	$ 1,903,644
2024	1,950,644
2025	1,599,116
2026	23,385,500
	$ 28,838,904

To hedge against interest rate risk of changes in variable interest rates, the YMCA entered into three interest rate swap contracts (the swaps) with the bank. The swaps have declining notional values matching the outstanding bond principal over time. The YMCA pays interest on the notional values at a synthetic fixed rate on the outstanding bond balance and receives interest on the notional values at the interest rates discussed above. The effect of the swaps is to convert the variable interest rate bonds to fixed-rate debt. During 2022, the YMCA terminated one of the swaps and received settlement proceeds of $95,468.

The carrying amount of the interest rate swap contracts are measured at contract value. The settlement amounts are estimated as the present value of expected future cash flows discounted at the rate in the swap contract. The YMCA believes the settlement amounts are the best representation of the fair value of the swap and has adjusted the carrying amount to the settlement amounts at December 31, 2022. During 2022 and 2021, the value of the swaps increased by $3,309,863 and $1,747,027, respectively, which has been reflected in the accompanying statements of activities. At December 31, 2022, the settlement value of the interest rate swap was $1,326,628. At December 31, 2021, the fair value of the obligations under the interest rate swaps was $1,887,767.

The bond provisions contain covenants pertaining to the maintenance of liquidity and cash flow coverage ratios.

In February 2023, the bond interest rates converted from a product of LIBOR to a product of SOFR. At this time, the YMCA also secured a $750,000 line of credit from the bank.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2022	2021
Capital expenditures for property and equipment	**$ 480,622**	$ 1,940,457
Support of specific program operations	**1,562,194**	2,000,662
Funds to be maintained permanently	**1,251,234**	1,255,723
Beneficial interest in perpetual trusts	**724,249**	894,446
	$ 4,018,299	$ 6,091,288

The YMCA released from restrictions $1,508,569 for program operations and $1,797,320 for capital projects placed in service during 2022 and $605,342 for program operations during 2021.

NOTE 11 - BOARD DESIGNATED NET ASSETS

The YMCA has approximately $5,986,000 and $11,767,000 of board designated funds at December 31, 2022 and 2021. Annually, the board may designate a portion of operating surplus to add to the capital improvement fund. The board approves withdrawals from this fund for capital acquisitions, improvements, and debt consolidation. In addition, this fund is subject to a board approved investment policy and is invested on a long-term basis. The investment policy objective sets an annual 3% spending rate of the trailing twelve quarter average of the market values of its assets. This 3% spending rate is designated to support the operations of the YMCA.

NOTE 12 - ENDOWMENT FUND

The YMCA's long-term restricted investments that comprise its endowment consist of funds held at one financial institution, established by donors to support programs and operations of the YMCA.

The YMCA follows guidance provided by the Financial Accounting Standards Board (FASB) issued to determine the accounting treatment and disclosure of funds held in endowment and subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission and enacted by the State of Michigan in September 2009 that serves as a guideline for states to use in enacting legislation.

The beneficial interests disclosed in Note 13 are not legally subject to UPMIFA because the YMCA does not have the ability to control the investments and the spending policies of these assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act (SPMIFA) requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies that resulted in the invasion of the principal balance for the years ended December 31, 2022 and 2021.

Spending Policy

The YMCA's spending policy helps to ensure the long-term growth of the endowment and that consistent and predictable distributions to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The spending policy is set at 3% of trailing twelve-quarter average of the market value of its assets. Funds are spent in accordance with the original donor intent.

Interpretation of Relevant Law

The YMCA has interpreted SPMIFA to require the preservation of the fair value of the original gift as of the gift date for funds with donor restrictions, absent explicit donor stipulations to the contrary. If the gift is restricted in perpetuity, the remaining portion of the endowment fund with donor restrictions that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the YMCA will consider the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

a) The duration and preservation of the fund
b) The purposes of the YMCA and the funds subject to donor restriction
c) General economic conditions
d) The possible effect of inflation and deflation
e) The expected total return from income and appreciation of investments
f) Other resources of the YMCA
g) The investment policies of the YMCA

Changes in the endowment net assets are as follows:

	With Donor Restrictions
Net Assets - January 1, 2021	**$ 457,974**
Contributions 2021	793,112
Increase in cash surrender value of life insurance	4,637
Net Assets - December 31, 2021	**1,255,723**
Contributions 2022	4,297
Decrease in cash surrender value of life insurance	(8,786)
Net Assets - December 31, 2022	**$ 1,251,234**

NOTE 13 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The YMCA is the income beneficiary of third party perpetual trusts administered by a bank. The aggregate market values of the trusts were $1,907,719 and $2,359,132 at December 31, 2022 and 2021, respectively. The YMCA's participation in the income of each trust ranges from 20% to 50%. The trusts are being maintained in perpetuity, so the assets will not be distributed to the YMCA. The YMCA will receive a perpetual cash flow of income from these trusts. The value of the beneficial interests in perpetual trusts is measured as the YMCA's share of the fair value of underlying assets. Distributions received from trusts are recorded as unrestricted investment income. Adjustments in the values of the beneficial interests are recorded as changes in donor restricted net assets in the statement of activities.

NOTE 14 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include Community Engagement, Corporate Membership and Program and Business Service Center. The Corporate Membership and Program category includes expenses such as salaries and benefits, national council support and general insurance. These expenses are allocated based on taking total program expense by category (Aquatic, Camping, Child Care, Physical Fitness & Wellness, Healthy Living) and dividing it by total program expense for the location. This percentage by category is then applied against the allocated expenses to spread the branch overhead expense to the programs. Management and general expenses include the following departments: Corporate, Marketing, Human Resources, Information Technology and Finance/Accounting. Fund Raising includes Financial Development. Selected executive salaries and benefits are allocated to the fundraising category based on historical patterns which was 11.5% in 2022 and 12.6% in 2021.

NOTE 15 - RETIREMENT PLAN

The YMCA participates in The YMCA Retirement Fund Retirement Plan (Plan), a defined contribution, money purchase retirement plan administered by the YMCA Retirement Fund (Fund). The Fund is a multi-employer plan that provides retirement benefits under Section 401(a) of the Internal Revenue Code (Code) to employees of Ys throughout the United States. The Plan covers substantially all full-time employees who attain age 21 and have two years of service with the YMCA. Contributions to the Plan by the YMCA were equal to 1% of employee compensation from January 2021 to June 2021, 4% from July 2021 to December 2021, and 10% starting January 2022. Participants are fully vested in all Y contributions.

Retirement contributions totaled approximately $280,000 and $177,000 for the years ended December 31, 2022 and 2021, respectively. Additionally, the YMCA participates in The YMCA Retirement Fund Tax-Deferred Savings Plan which allows plan participants to make voluntary contributions on an after-tax or tax deferred basis under Section 403(b)(9) of the Code, subject to applicable Internal Revenue Service regulations.

NOTE 16 - RISKS AND UNCERTAINTIES

Investments, Including Beneficial Interests in Trusts

The YMCA holds investment securities and beneficial interests in certain trusts. Such investments are exposed to various risks such as fluctuation in interest rate, the securities market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 17 - CONTINGENCIES AND COMMITMENTS

The YMCA participates in federally funded programs. The programs are subject to the single audit requirements of the Uniform Guidance. The single audit of the federal programs for December 31, 2022 has been conducted and the required reports have been issued. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the YMCA expects such amounts, if any, to be immaterial. Accordingly, no provision has been made for any liabilities that may arise from these circumstances.

In the normal course of its activities, the YMCA may become party to various legal actions. The YMCA purchases commercial insurance to cover substantially all conceivable losses. Management of the YMCA is of the opinion that the outcomes of such actions will not have a material effect on the financial position of the YMCA and, therefore, has not included a reserve for such losses in the accompanying financial statements.

The YMCA has entered into various agreements for interior design, branding, graphic design, facility development, campaign development, campaign implementation, planned giving and various consulting services for approximately $461,000. The agreements end at various dates through 2024.

The YMCA has entered into an operational software service agreement with Daxko for five years with a third party vendor at approximately $325,000 per year. This agreement ends in 2025.

The YMCA has entered into an accounting software service agreement with Daxko for five years with a third party vendor at approximately $23,000 per year. This agreement ends in 2025.

NOTE 18 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2021 information to conform to the 2022 presentation.