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

## FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

DoerenMayhew

# THE YMCA OF GREATER GRAND RAPIDS

## TABLE OF CONTENTS

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# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
**The Young Men's Christian Association (YMCA)**
**of Greater Grand Rapids**

## 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, 2023 and 2022, 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, 2023 and 2022, 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.

## 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.

## 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 May 28, 2024 on 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.

Doeren Mayhew

Grand Rapids, Michigan
May 28, 2024

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 7,469,358 | $ 4,017,969 |
| Investments | 9,289,786 | 7,293,686 |
| Accounts and grants receivable, net of allowance for credit losses of $86,817 and $83,391, in 2023 and 2022 respectively | 646,422 | 729,611 |
| Pledges receivable, net of allowance | 1,848,191 | 702,398 |
| Other assets | 424,431 | 421,377 |
| Property and equipment | 68,578,061 | 69,922,633 |
| Right-of-use assets, operating leases | 585,626 | 727,171 |
| Beneficial interests in perpetual trusts | 788,365 | 724,249 |
| Settlement value of interest rate swaps | 1,075,392 | 1,326,628 |
| Total assets | $ 90,705,632 | $ 85,865,722 |
| **Liabilities and Net Assets** | | |
| Liabilities | | |
| Accounts payable and accrued expenses | $ 1,704,051 | $ 1,813,790 |
| Deferred program and membership income | 1,643,626 | 1,015,274 |
| Deferred grant income | 12,083 | 2,062,385 |
| Note payable | 810,447 | 1,000,000 |
| Lease liabilities - financing | 1,377,713 | 1,072,020 |
| Lease liabilities - operating | 596,970 | 735,194 |
| Bonds payable, net of unamortized financing fees of $300,491 and $349,177, respectively | 26,634,769 | 28,489,727 |
| Total liabilities | 32,779,659 | 36,188,390 |
| Net assets | | |
| Without donor restrictions | 46,464,464 | 45,659,033 |
| With donor restrictions | 11,461,509 | 4,018,299 |
| Total net assets | 57,925,973 | 49,677,332 |
| Total liabilities and net assets | $ 90,705,632 | $ 85,865,722 |

See accompanying notes

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
## YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, gains, and other support | | | | | | |
| Contributions and grants | $ 5,738,707 | $ 8,196,228 | $ 13,934,935 | $ 3,815,737 | $ 1,411,884 | $ 5,227,621 |
| Childcare stabilization program | 1,709,510 | - | 1,709,510 | 3,791,000 | - | 3,791,000 |
| Membership fees | 18,484,824 | - | 18,484,824 | 15,098,859 | - | 15,098,859 |
| Childcare fees | 6,670,486 | - | 6,670,486 | 4,595,954 | - | 4,595,954 |
| Program fees | 4,521,026 | - | 4,521,026 | 3,646,743 | - | 3,646,743 |
| Miscellaneous income | 42,652 | - | 42,652 | 11,592 | - | 11,592 |
| Loss on disposal of property and equipment | (289,206) | - | (289,206) | (85,572) | - | (85,572) |
| Investment income (loss) | 676,145 | 4,987 | 681,132 | (572,119) | (8,786) | (580,905) |
| Interest rate swap adjustment | (251,236) | - | (251,236) | 3,309,863 | - | 3,309,863 |
| Change in beneficial interests in perpetual trusts | - | 64,116 | 64,116 | - | (170,198) | (170,198) |
| Net assets released from restrictions | 822,121 | (822,121) | - | 3,305,889 | (3,305,889) | - |
| Total revenues, gains, and other support | 38,125,029 | 7,443,210 | 45,568,239 | 36,917,946 | (2,072,989) | 34,844,957 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Aquatic program | 3,185,249 | - | 3,185,249 | 2,675,037 | - | 2,675,037 |
| Camping program | 1,820,158 | - | 1,820,158 | 1,550,615 | - | 1,550,615 |
| Child care | 14,680,919 | - | 14,680,919 | 10,391,213 | - | 10,391,213 |
| Physical fitness and wellness | 10,268,299 | - | 10,268,299 | 8,589,805 | - | 8,589,805 |
| Healthy living | 3,031,216 | - | 3,031,216 | 4,281,409 | - | 4,281,409 |
| Total program services | 32,985,841 | - | 32,985,841 | 27,488,079 | - | 27,488,079 |
| Supporting services | | | | | | |
| Management and general | 3,771,718 | - | 3,771,718 | 3,108,666 | - | 3,108,666 |
| Fundraising | 562,039 | - | 562,039 | 438,384 | - | 438,384 |
| Total supporting services | 4,333,757 | - | 4,333,757 | 3,547,050 | - | 3,547,050 |
| Total expenses | 37,319,598 | - | 37,319,598 | 31,035,129 | - | 31,035,129 |
| Increase (decrease) in net assets | 805,431 | 7,443,210 | 8,248,641 | 5,882,817 | (2,072,989) | 3,809,828 |
| Net assets at beginning of year | 45,659,033 | 4,018,299 | 49,677,332 | 39,776,216 | 6,091,288 | 45,867,504 |
| Net assets at end of year | $ 46,464,464 | $ 11,461,509 | $ 57,925,973 | $ 45,659,033 | $ 4,018,299 | $ 49,677,332 |

See accompanying notes

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF FUNCTIONAL EXPENSES
## YEAR ENDED DECEMBER 31, 2023

| | PROGRAM SERVICES | | | | | | SUPPORTING SERVICES | | |
|---|---|---|---|---|---|---|---|---|---|
| | Aquatic Programs | Camping Programs | Child Care | Physical Fitness & Wellness | Healthy Living | Total | Management & General | Fundraising | Total Expenses |
| Salaries & wages | $ 1,880,321 | $ 759,781 | $ 7,235,550 | $ 5,151,264 | $ 1,655,780 | $ 16,682,696 | $ 1,822,598 | $ 420,876 | $ 18,926,170 |
| Employee benefits | 91,853 | 86,133 | 908,923 | 377,370 | 227,931 | 1,692,210 | 301,848 | 58,337 | 2,052,395 |
| Payroll taxes | 152,915 | 58,937 | 583,832 | 416,722 | 134,462 | 1,346,868 | 133,858 | 19,770 | 1,500,496 |
| Contracted services | 114,831 | 112,872 | 619,868 | 382,505 | 15,311 | 1,245,387 | 600,419 | 15,245 | 1,861,051 |
| Supplies | 68,808 | 235,449 | 941,031 | 386,805 | 262,670 | 1,894,763 | 13,650 | 936 | 1,909,349 |
| Telephone | 12,002 | 10,687 | 72,916 | 38,909 | 8,012 | 142,526 | 13,378 | - | 155,904 |
| Postage & shipping | 209 | 2,563 | 678 | 590 | 81 | 4,121 | 6,672 | 1,225 | 12,018 |
| Occupancy | 303,230 | 172,532 | 1,661,937 | 1,037,497 | 76,744 | 3,251,940 | 213,822 | - | 3,465,762 |
| Equipment | 8,797 | 16,276 | 47,856 | 50,562 | 71,351 | 194,842 | 16,935 | 71 | 211,848 |
| Advertising & printing | 3,897 | 3,720 | 23,288 | 15,590 | 24,703 | 71,198 | 213,109 | 12,173 | 296,480 |
| Travel & employee expenses | 4,127 | 78,828 | 55,682 | 19,343 | 49,374 | 207,354 | 18,281 | 7,101 | 232,736 |
| Conferences & meetings | 23,862 | 6,961 | 67,669 | 40,321 | 38,636 | 177,449 | 122,102 | 8,485 | 308,036 |
| Bad debt expenses | - | - | - | - | - | - | 44,845 | - | 44,845 |
| Organizational dues & support | 34,705 | 25,832 | 165,398 | 112,656 | 26,938 | 365,529 | 37,866 | 2,465 | 405,860 |
| Awards & grants | (16,102) | (7,827) | (72,762) | (52,101) | 148,249 | (543) | 4,484 | (1,572) | 2,369 |
| Financing costs | 121,450 | 23,703 | 572,614 | 947,085 | 1,751 | 1,666,603 | 33,270 | - | 1,699,873 |
| Insurance | 23,641 | (13,097) | 110,624 | 76,452 | 19,510 | 217,130 | (4,245) | 10,762 | 223,647 |
| Miscellaneous expenses | 113 | 310 | 857 | 100,284 | 15 | 101,579 | 1,074 | 2 | 102,655 |
| Depreciation & amortization | 356,018 | 246,498 | 1,683,737 | 1,164,253 | 269,689 | 3,720,195 | 86,383 | 163 | 3,806,741 |
| Inkind expense | 572 | - | 1,221 | 2,192 | 9 | 3,994 | 91,369 | 6,000 | 101,363 |
| Special event expense | - | - | - | - | - | - | - | 142,778 | 142,778 |
| Total expense | 3,185,249 | 1,820,158 | 14,680,919 | 10,268,299 | 3,031,216 | 32,985,841 | 3,771,718 | 704,817 | 37,462,376 |
| Less expenses included with revenues on the statement of activities | | | | | | | | | |
| Special event expenses | - | - | - | - | - | - | - | (142,778) | (142,778) |
| Total expenses included in the expense section on the statement of activities | $ 3,185,249 | $ 1,820,158 | $ 14,680,919 | $ 10,268,299 | $ 3,031,216 | $ 32,985,841 | $ 3,771,718 | $ 562,039 | $ 37,319,598 |

See accompanying notes

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF FUNCTIONAL EXPENSES
## YEAR ENDED DECEMBER 31, 2022

| | PROGRAM SERVICES | | | | | | SUPPORTING SERVICES | | |
|---|---|---|---|---|---|---|---|---|---|
| | Aquatic Programs | Camping Programs | Child Care | Physical Fitness & Wellness | Healthy Living | Total | Management & General | Fundraising | 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 expenses | - | - | - | - | - | - | 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 |

See accompanying notes

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities | | |
| Increase in net assets | $ 8,248,641 | $ 3,809,828 |
| Adjustments to reconcile increase in net assets to net cash provided from operating activities | | |
| Depreciation and amortization | 3,806,741 | 3,212,887 |
| Amortization of financing fees included in financing costs | 48,686 | 162,529 |
| Interest rate swap adjustment | 251,236 | (3,309,863) |
| Contributions restricted for endowment and capital purposes | (6,864,585) | (324,448) |
| Provision for credit losses and pledges receivable | 44,845 | 66,857 |
| Loss on disposal of property and equipment | 289,206 | 85,572 |
| Net realized and unrealized (gain) loss on investments | (158,504) | 971,332 |
| Unrealized (gain) loss on beneficial interests in perpetual trusts | (64,116) | 170,197 |
| Decrease/(increase) in assets | | |
| Accounts receivable | 62,290 | (74,345) |
| Pledges receivable | (387,222) | (366,181) |
| Other assets | (3,054) | 230,501 |
| Increase/(decrease) in liabilities | | |
| Accounts payable and accrued expenses | (161,433) | 177,739 |
| Deferred program and membership income | 628,352 | 129,066 |
| Right-of-use assets and liabilities, operating leases | 3,321 | 8,023 |
| Deferred grant income | (2,050,302) | 2,062,385 |
| Total adjustments | (4,554,539) | 3,202,251 |
| Net cash provided by operating activities | 3,694,102 | 7,012,079 |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 5,004,317 | 17,214,507 |
| Purchase of investments | (6,841,913) | (12,398,142) |
| Additions to property and equipment | (2,194,769) | (3,431,849) |
| Proceeds from sale of property and equipment | 13,300 | - |
| Net cash (used) provided by investing activities | (4,019,065) | 1,384,516 |

See accompanying notes

# THE YMCA OF GREATER GRAND RAPIDS

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| Cash flows from financing activities | | |
| Repayments on notes payable | $ (189,553) | $ - |
| Principal payments on bonds payable | (1,903,644) | (9,902,096) |
| Proceeds from swap termination | - | 95,468 |
| Payments on finance lease obligations | (212,519) | (199,392) |
| Proceeds from contributions restricted for endowment and capital purposes | 6,082,068 | 504,695 |
| Net cash provided (used) by financing activities | 3,776,352 | (9,501,325) |
| Net increase (decrease) in cash and cash equivalents | 3,451,389 | (1,104,730) |
| Cash and cash equivalents - beginning | 4,017,969 | 5,122,699 |
| Cash and cash equivalents - ending | 7,469,358 | 4,017,969 |

**Supplemental Information**

| | 2023 | 2022 |
|---|---|---|
| Cash paid for interest expense | $ 1,083,042 | $ 1,196,259 |
| Property and equipment included in accounts payable | $ 84,973 | $ 33,279 |

See accompanying notes

**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, 2023 and 2022 and throughout the year.

Cash restricted for long-term purposes was $2,853,029 and $499,137 at December 31, 2023 and 2022, 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).



Continued

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

The YMCA recognizes an allowance for credit losses on accounts and fee for service grants receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well an assessment of specific identifiable accounts considered at risk or uncollectible. The YMCA assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in bad debt expenses. The YMCA did not experience significant write-offs during 2023, and the allowance was not significant as of December 31, 2023. The YMCA has omitted all credit loss related disclosures.

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 $690,456 at January 1, 2022.

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.



Continued

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, 2023 and 2022.

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 2023 and 2022.

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.


Continued

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 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 10.
- 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, 2022 was $886,208.



Continued

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

| | 2023 | 2022 |
|---|---|---|
| Revenue recognized over time (fees for service) | $ 29,119,855 | $ 22,800,543 |
| Revenue recognized at a point in time (sale of goods) | 556,481 | 541,013 |
| Revenue from contracts with customers | $ 29,676,336 | $ 23,341,556 |

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 $391,985 and $305,017 net of direct expenses of $142,778 and $77,841 has been included in contributions and grants on the statement of activities for the years ended December 31, 2023 and 2022, respectively.

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 27,000 and 9,600 hours of service during 2023 and 2022, 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.

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, 2023 and 2022 were approximately $296,000 and $283,000, respectively.

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to December 31, 2023 for potential recognition or disclosure in these financial statements. The evaluation was performed through May 28, 2024 the date the financial statements were available for issuance. Subsequent event disclosures are provided in Notes 16 and 17.


Continued

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.

**Note 2 - Liquidity**

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

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 4,483,301 | $ 3,436,271 |
| Accounts receivable | 646,422 | 729,611 |
| Pledges receivable | 841,588 | 450,934 |
| Investment spending-rate distributions from board-designated funds | 185,213 | 265,640 |
| | $ 6,156,524 | $ 4,882,456 |

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 3 - Fair Value Measurements**

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

| | 2023 | | | |
|---|---|---|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash equivalents | $ 2,796,470 | $ 2,796,470 | $ - | $ - |
| U.S. treasury securities | 1,366,497 | 1,366,497 | - | - |
| Equities | 801,064 | 801,064 | - | - |
| Mutual funds | 223,871 | 223,871 | - | - |
| Asset backed securities | 19,836 | 19,836 | - | - |
| Exchange-traded products | 1,425,311 | 1,425,311 | - | - |
| Corporate bonds | 2,656,737 | 2,656,737 | - | - |
| Total investments | 9,289,786 | 9,289,786 | - | - |
| Beneficial interests in perpetual trusts | 788,365 | - | - | 788,365 |
| | $ 10,078,151 | $ 9,289,786 | $ - | $ 788,365 |



Continued

| | 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 | - | - |
| Asset backed securities | 25,803 | 25,803 | - | - |
| Mutual funds | 226,281 | 226,281 | - | - |
| Exchange-trade 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 |

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:

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 724,249 | $ 894,446 |
| Net unrealized gain (loss) on perpetual trusts | 64,116 | (170,197) |
| Balance, end of year | $ 788,365 | $ 724,249 |

**Note 4 - Pledges Receivable**

Unconditional pledges receivable are summarized as follows at December 31:

| | 2023 | 2022 |
|---|---|---|
| Receivable in less than one year | $ 1,659,287 | $ 385,505 |
| Receivable in one to five years | 341,102 | 445,145 |
| Less allowance for doubtful pledges | (152,198) | (128,252) |
| Net unconditional pledges receivable | $ 1,848,191 | $ 702,398 |

Pledges from the two largest donors comprise approximately 38% of gross pledges receivable at December 31, 2023. Pledges from the three largest donors comprise approximately 61% of gross pledges receivable at December 31, 2022.



Continued

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.

In addition, the YMCA received the following conditional promises to give that are not recognized as assets in the statements of financial position:

| | 2023 | 2022 |
|---|---|---|
| Conditional grants passed through the state, awarded and not spent | $ 976,834 | $ 913,615 |
| Conditional grants for facility expansion | 800,000 | - |
| | $ 1,776,834 | $ 913,615 |

**Note 5 - Property and Equipment**

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

| | 2023 | 2022 |
|---|---|---|
| Land and land improvements | $ 11,120,037 | $ 11,120,037 |
| Buildings and leasehold improvements | 84,045,310 | 83,745,058 |
| Equipment | 13,713,069 | 13,358,742 |
| Equipment under finance leases | 2,275,446 | 1,825,792 |
| Artwork | 194,801 | 194,801 |
| Construction in progress | 839,911 | 321,962 |
| Total property and equipment | 112,188,574 | 110,566,392 |
| Less accumulated depreciation | (43,610,513) | (40,643,759) |
| Net property and equipment | $ 68,578,061 | $ 69,922,633 |

Construction in progress as of December 31, 2023 relates primarily to construction of a new childcare facility and branch renovations.

**Note 6 - 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 2028. Monthly payments range from $2,318 to $17,179.



Continued

The YMCA's lease expense consists of the following for the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Operating lease cost | $ 150,779 | $ 150,779 |
| Finance lease cost | | |
| Amortization of right-of-use assets | 250,812 | 172,915 |
| Interest on lease liabilities | 63,824 | 39,140 |
| Total lease cost | $ 465,415 | $ 362,834 |

Supplemental lease information is as follows for the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Cash paid for amounts included in measurement of lease liabilities | | |
| Operating cash flows from operating leases | $ 147,459 | $ 142,755 |
| Operating cash flows from finance leases | 61,540 | 33,486 |
| Financing cash flows from finance leases | 212,519 | 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 | 518,212 | 1,198,506 |
| Weighted-average remaining lease term - operating leases | 5.12 | 5.89 |
| Weighted-average remaining lease term - finance leases | 4.01 | 4.45 |
| Weighted-average discount rate - operating leases | 1.40% | 1.40% |
| Weighted-average discount rate - finance leases | 6.95% | 6.30% |

Remaining lease payments are as follows:

| | Finance Leases | Operating Leases |
|---|---|---|
| Years ending December 31 | | |
| 2024 | $ 412,690 | $ 148,839 |
| 2025 | 402,266 | 133,583 |
| 2026 | 402,266 | 85,368 |
| 2027 | 252,422 | 87,196 |
| 2028 | 114,675 | 89,070 |
| Thereafter | - | 74,643 |
| Total minimum lease payments | 1,584,319 | 618,699 |
| Less: imputed interest | (206,606) | (21,729) |
| Present value of lease liabilities | $ 1,377,713 | $ 596,970 |



Continued

## Note 7 - 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 began in March 2023 and continue through March 2028. The annual maturities of the note are as follows:

Years ending December 31:

| | |
|---|---|
| 2024 | $ 192,745 |
| 2025 | 198,571 |
| 2026 | 204,573 |
| 2027 | 210,756 |
| 2028 | 3,802 |
| | $ 810,447 |

## Note 8 - 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. In November 2026, all bonds will be called, which will require them to be refinanced.

Bonds payable at December 31 consist of the following:

| | 2023 | 2022 |
|---|---|---|
| $25,000,000- 2016 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of SOFR (5.38% at December 31, 2023), due in monthly installments ranging from $73,500 to $132,012 through 2026 | $ 19,709,760 | $ 21,102,904 |
| $8,828,500 - 2018 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of SOFR (5.38% at December 31, 2023), due in monthly installments ranging from $27,000 to $48,375 through 2026 | 7,225,500 | 7,736,000 |
| | 26,935,260 | 28,838,904 |
| Less: Unamortized financing fees | (300,491) | (349,177) |
| | $ 26,634,769 | $ 28,489,727 |

Future maturities of bonds payable are as follows:

Years ending December 31:

| | |
|---|---|
| 2024 | $ 1,950,644 |
| 2025 | 1,599,116 |
| 2026 | 23,385,500 |
| | $ 26,935,260 |

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, 2023. During 2023, the value of the swaps decreased by $251,236. In 2022, the value of the swaps increased by $3,309,863, which has been reflected in the accompanying statements of activities. At December 31, 2023 and 2022, the settlement value of the interest rate swap was $1,075,392 and $1,326,628, respectively.

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. There were no borrowings on the line of credit at December 31, 2023.

**Note 9 - Net Assets with Donor Restrictions**

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

| | 2023 | 2022 |
|---|---|---|
| Capital expenditures for property and equipment | $ 7,281,772 | $ 480,622 |
| Support of specific program operations | 2,121,861 | 1,562,194 |
| Funds to be maintained permanently | 1,269,511 | 1,251,234 |
| Beneficial interest in perpetual trusts | 788,365 | 724,249 |
| | $ 11,461,509 | $ 4,018,299 |

The YMCA released from restrictions $771,976 for program operations and $50,145 for capital projects placed in service during 2023 and $1,508,569 for program operations and $1,797,320 during 2022.



Continued

## Note 10 - Board Designated Net Assets

The YMCA has approximately $4,971,000 and $5,986,000 of board designated funds at December 31, 2023 and 2022. 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 11 - 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 12 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, 2023 and 2022.

### 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.



Continued

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, 2022 | $ 1,255,723 |
| Contributions 2022 | 4,297 |
| Decrease in cash surrender life insurance | (8,786) |
| Net assets - December 31, 2022 | 1,251,234 |
| Contributions 2023 | 13,290 |
| Increase in cash surrender value of life insurance | 4,987 |
| Net assets - December 31, 2023 | $ 1,269,511 |

**Note 12 - 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 $2,071,904 and $1,907,719 at December 31, 2023 and 2022, 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.



Continued

## Note 13 - 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. Management and general expenses were 10.2% of total expense in 2023 and 10.0% in 2022.

## Note 14 - 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 the YMCA 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 are equal to 10% of employee compensation. Participants are fully vested in all Y contributions.

Retirement contributions totaled approximately $841,000 and $757,000 for the years ended December 31, 2023 and 2022, 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 15 - 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 16 - 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, 2023 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.


Continued

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 and contracts for renovations and capital improvements for approximately $723,000. The agreements end at various dates in 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 17 - Subsequent Events**

Subsequent to year end, the YMCA received two conditional grants in the amounts of $1,500,000 and $500,000. These grants are intended to support the expansion of operating facilities and are expected to be received in 2024.