



ANNUAL REPORT
December 31, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

ANNUAL REPORT

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Greater Michiana, Inc.
Niles, Michigan

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Greater Michiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, 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 Young Men's Christian Association of Greater Michiana, Inc. as of December 31, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Young Men's Christian Association of Greater Michiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Greater Michiana, Inc.'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 Responsibility 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 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, 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 Young Men's Christian Association of Greater Michiana, Inc.'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 Young Men's Christian Association of Greater Michiana, Inc.'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.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
April 18, 2025

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENTS OF FINANCIAL POSITIONDecember 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	1,296,473	451,468
Investments	2,303,382	2,327,021
Accounts receivable	425,782	154,638
Grants receivable	239,203	225,454
Pledges receivable, current	421,644	579,601
Contributed rent receivable, current	118,296	0
Prepaid expenses	1,431	0
Inventory	38,862	31,774
Total Current Assets	4,845,073	3,769,956
PROPERTY AND EQUIPMENT		
Land	875,421	1,382,473
Land improvements	1,314,694	324,390
Buildings	15,725,502	27,286,590
Building improvements	8,467,846	4,009,084
Equipment	3,278,411	4,082,700
Construction-in-progress	648,256	201,460
Total	30,310,130	37,286,697
Accumulated Depreciation	14,342,489	20,120,001
Net Property and Equipment	15,967,641	17,166,696
OTHER ASSETS		
Pledges receivable, less current portion, net	260,571	442,047
Contributed rent receivable, less current portion, net	737,016	0
Beneficial interest in assets held at Community Foundations	1,287,486	1,193,631
Total Other Assets	2,285,073	1,635,678
TOTAL ASSETS	23,097,787	22,572,330

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENTS OF FINANCIAL POSITIONDecember 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	158,137	153,089
Accounts payable	54,116	52,950
Accrued payroll and payroll taxes	408,756	333,403
Deferred revenue	365,559	341,581
Total Current Liabilities	986,568	881,023
LONG-TERM DEBT	4,370,839	4,529,356
TOTAL LIABILITIES	5,357,407	5,410,379
NET ASSETS		
Without donor restrictions	14,182,903	15,828,024
With donor restrictions	3,557,477	1,333,927
TOTAL NET ASSETS	17,740,380	17,161,951
TOTAL LIABILITIES AND NET ASSETS	23,097,787	22,572,330

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Membership	3,449,722	0	3,449,722
Program and service fees	6,662,810	0	6,662,810
Less: scholarships and discounts	<u>(298,832)</u>	<u>0</u>	<u>(298,832)</u>
Net revenues from program and service fees	6,363,978	0	6,363,978
Financial contributions	1,114,965	1,736,119	2,851,084
Nonfinancial contributions	0	926,388	926,388
Sales of merchandise	178,379	0	178,379
Less: cost of sales	<u>(110,146)</u>	<u>0</u>	<u>(110,146)</u>
Net revenue from sales of merchandise	68,233	0	68,233
Rent	188,399	0	188,399
Miscellaneous	213,551	0	213,551
Investment return, net	57,804	0	57,804
Change in beneficial interest in assets held by Community			
Foundations	93,855	0	93,855
Loss on disposal of assets	(1,240,799)	0	(1,240,799)
Fundraising event revenue	491,742	0	491,742
Less: costs of direct benefits to donors	<u>(68,988)</u>	<u>0</u>	<u>(68,988)</u>
Direct donor benefit	422,754	0	422,754
Total Public Support and Revenue	10,732,462	2,662,507	13,394,969
Net assets released from restrictions:			
Satisfaction of restrictions	438,957	(438,957)	0
FUNCTIONAL EXPENSES			
Program	10,393,345	0	10,393,345
Management and general	2,175,301	0	2,175,301
Fundraising	<u>247,894</u>	<u>0</u>	<u>247,894</u>
Total Functional Expenses	12,816,540	0	12,816,540
CHANGE IN NET ASSETS	(1,645,121)	2,223,550	578,429
NET ASSETS, BEGINNING OF YEAR	15,828,024	1,333,927	17,161,951
NET ASSETS, END OF YEAR	14,182,903	3,557,477	17,740,380

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Membership	3,058,536	0	3,058,536
Program and service fees	5,621,844	0	5,621,844
Less: scholarships and discounts	<u>(241,206)</u>	<u>0</u>	<u>(241,206)</u>
Net revenues from program and service fees	5,380,638	0	5,380,638
Financial contributions	2,431,416	1,333,927	3,765,343
Sales of merchandise	166,353	0	166,353
Less: cost of sales	<u>(106,736)</u>	<u>0</u>	<u>(106,736)</u>
Net revenue from sales of merchandise	59,617	0	59,617
Rent	202,613	0	202,613
Miscellaneous	129,606	0	129,606
Investment return, net	68,904	0	68,904
Change in beneficial interest in assets held by Community Foundation	110,770	0	110,770
Special events revenue	310,929	0	310,929
Less: costs of direct benefits to donors	<u>(59,004)</u>	<u>0</u>	<u>(59,004)</u>
Net revenues from special events	251,925	0	251,925
Total Public Support and Revenue	11,694,025	1,333,927	13,027,952
Net assets released from restrictions: Satisfaction of restrictions	3,382,296	(3,382,296)	0
FUNCTIONAL EXPENSES			
Program	9,277,223	0	9,277,223
Management and general	2,048,235	0	2,048,235
Fundraising	<u>210,153</u>	<u>0</u>	<u>210,153</u>
Total Functional Expenses	11,535,611	0	11,535,611
CHANGE IN NET ASSETS	3,540,710	(2,048,369)	1,492,341
NET ASSETS, BEGINNING OF YEAR	12,287,314	3,382,296	15,669,610
NET ASSETS, END OF YEAR	15,828,024	1,333,927	17,161,951

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	6,075,469	1,035,266	117,452	7,228,187
Employee benefits	593,485	114,407	7,150	715,042
Payroll taxes	437,792	74,600	8,463	520,855
Contractual services	26,555	188,703	215	215,473
Supplies	1,143,896	169,612	1,315	1,314,823
Telephone	144,670	21,451	166	166,287
Postage and shipping	2,971	444	0	3,415
Occupancy	435,995	64,647	501	501,143
Insurance	206,332	30,594	237	237,163
Repairs and maintenance	121,321	18,128	0	139,449
Travel and employee expense	61,197	9,074	70	70,341
Dues	200,012	0	0	200,012
Depreciation	867,949	129,693	0	997,642
Equipment rental	40,613	6,069	0	46,682
Advertising	0	0	112,325	112,325
Training	9,249	1,382	0	10,631
Miscellaneous	25,839	172,924	0	198,763
Interest expense	0	138,307	0	138,307
Event expense	0	0	68,988	68,988
Total Expense	10,393,345	2,175,301	316,882	12,885,528
Less: Event expense netted with revenues	0	0	(68,988)	(68,988)
TOTAL FUNCTIONAL EXPENSES	10,393,345	2,175,301	247,894	12,816,540

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	5,487,574	1,007,956	106,659	6,602,189
Employee benefits	448,881	111,659	561	561,101
Payroll taxes	394,298	72,424	7,664	474,386
Contractual services	21,379	187,047	209	208,635
Supplies	959,093	142,210	1,102	1,102,405
Telephone	135,283	18,660	1,555	155,498
Postage and shipping	3,079	460	0	3,539
Occupancy	314,486	45,185	1,807	361,478
Insurance	207,840	30,818	239	238,897
Repairs and maintenance	129,048	19,283	0	148,331
Travel and employee expense	72,608	6,677	4,173	83,458
Dues	182,135	0	0	182,135
Depreciation	878,433	131,260	0	1,009,693
Advertising	0	0	86,184	86,184
Training	25,019	3,739	0	28,758
Miscellaneous	18,067	120,907	0	138,974
Interest expense	0	149,950	0	149,950
Event expense	0	0	59,004	59,004
Total Expense	9,277,223	2,048,235	269,157	11,594,615
Less: Event expense netted with revenues	0	0	(59,004)	(59,004)
TOTAL FUNCTIONAL EXPENSES	9,277,223	2,048,235	210,153	11,535,611

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	578,429	1,492,341
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	997,642	1,009,693
Amortization	0	7,158
Unrealized gains on investments	(7,445)	(15,449)
Change in beneficial interest in assets held at Community Foundations	(93,855)	(110,770)
Loss on disposal of assets	1,240,799	0
Change in discount on pledges receivable	15,072	32,230
Donated facilities	(926,388)	0
Noncash rent expense	71,076	0
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	(271,144)	11,239
Grants receivable	(13,749)	(143,171)
Pledges receivable	0	(53,816)
Prepaid expenses	(1,431)	28,993
Inventory	(7,088)	(7,307)
Accounts payable	1,166	18,021
Accrued payroll and payroll taxes	75,353	8,607
Deferred revenue	23,978	(912,256)
Contribution restricted for long-term purposes	(1,086,152)	(1,489,278)
Net Cash Flows provided by (used in) Operating Activities	596,263	(123,765)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,490,833)	(2,000,040)
Proceeds from redemption of certificates of deposit	4,521,917	1,193,239
Proceeds from sale of property and equipment	45,729	0
Purchase of property and equipment	(1,085,115)	(546,480)
Net Cash Flows used in Investing Activities	(1,008,302)	(1,353,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for long-term purposes	1,410,513	664,769
Payments on long-term debt	(153,469)	(148,952)
Net Cash Flows provided by Financing Activities	1,257,044	515,817
CHANGE IN CASH AND CASH EQUIVALENTS	845,005	(961,229)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	451,468	1,412,697
CASH AND CASH EQUIVALENTS, END OF YEAR	1,296,473	451,468
SUPPLEMENTARY DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Interest paid	138,231	142,901

The Notes to Financial Statements are an integral part of this statement.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NATURE OF BUSINESS

The Young Men's Christian Association of Greater Michiana, Inc. (the "Association") is a Michigan nonprofit organization organized to put Christian principles into practice through programs that build a healthy spirit, mind, and body for all. Its operations are supported primarily by memberships, programs fees, and contributions from the public. The Association was created January 1, 2020 when the YMCA of Southwest Michigan, Inc. and the YMCA of Michiana, Inc. merged operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

The Association adheres to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and Board of Directors (the "Board").

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Association considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits of the Federal Deposit Insurance Corporation ("FDIC"). It is common throughout the course of operations for the Association's cash balances to exceed the insured limit.

INVENTORY

Inventory is valued at the lower of average cost or net realizable value. Cost is determined by the first in, first out method.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Association did not receive donated assets for the years ended December 31, 2024 and 2023.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. The Association's fixed asset capitalization policy is to capitalize long-lived assets with a cost greater than \$1,000. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$997,642 and \$1,009,693 for the years ended December 31, 2024 and 2023, respectively. Construction-in-process of \$648,256 and \$201,460 is not depreciated as of December 31, 2024 and 2023, respectively.

A summary of the range of lives by asset category follows:

Buildings and building improvements	15 - 40 years
Equipment	3 - 15 years
Land improvements	15 years

LEASES

The Association accounts for leases in accordance with Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the Association obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Association recognizes a lease liability and right of use ("ROU") asset at the commencement date of the lease.

The Association has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for low-value leases and short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that is reasonably certain to exercise. The Association recognizes lease cost associated with its low-value and short-term leases on a straight-line basis over the lease term.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

REVENUE RECOGNITION

Membership and program service fees

The Association generates contract revenue from membership fees and programs. The Association recognizes revenue from these services on a ratable basis over the contract term beginning on the date service commences. The contract terms generally are on an annual basis that matches the reporting period and are billed in installments. These fees are recognized as revenue in the Statements of Activities at the start date of the program, membership month, or camper week to which they pertain.

Sales of merchandise

The Association recognizes revenues from the sale of clothing, food and beverage, and other items when control of the promised goods is transferred to customers in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods. These revenues are recognized at a point in time.

Deferred revenue for membership and program revenues are recorded when cash payments are received in advance of the membership period.

The following schedule shows the Association's major revenue sources disaggregated according to the timing of transfer of goods or services for the years then ended:

	<u>2024</u>	<u>2023</u>
Contract revenue recognized at a point in time:		
Net revenues from sales of merchandise	68,233	59,617
Contract revenue recognized over time:		
Membership income	3,449,722	3,058,536
Net revenues from programs and service fees	6,363,978	5,380,638
Total	9,813,700	8,439,174
Total revenue	9,881,933	8,498,791

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable is presented net of the allowance for credit losses (doubtful accounts). Management considers historical and forward-looking factors in its determination of the allowance including historical and anticipated customer performance, an aged analysis of receivables, current economic conditions and reasonable and supportable forecasts of future events and economic conditions. Interest is not normally charged on past due accounts.

Currently, management has determined the value of an allowance for credit losses (doubtful accounts) is immaterial and the recording of such balance is not considered necessary.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

CONTRIBUTIONS OF FINANCIAL ASSETS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the year in which the contributions are received.

CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Association receives the use of donated facilities for its program operations in South Bend, Indiana. Unconditional promises to give the use of a building or other long-lived facility over a specified period in which the donor retains title are multi-year promises to give that are reported at the fair value of the promise as a contribution receivable and contribution revenue in the first year of use. Facilities used over several years are recorded in net assets with donor restrictions in consideration of the time restriction and measured at the fair rental value of facilities if at no cost, or at fair rental value less contractual lease obligation if received at below market rates. When the time restrictions are met, an amount is released from restrictions in the Statements of Activities. Fair value is estimated using the average price per square foot of rental listings in the Association's service area.

PLEDGES RECEIVABLE

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until the conditions are substantially met.

The Association uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific pledges made. There is no allowance for uncollectible pledges estimated at December 31, 2024 and 2023 as management believes all pledges will be collected.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.

Niles, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Expenses that are allocated include the following:

Expense	Method of Allocation
Wages, employee benefits, payroll taxes, supplies, depreciation	Time and effort

All other expenses are allocated based on estimated actual usage or direct assignment.

INCOME TAXES

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Association is not a private foundation within the meaning of Section 509(a).

The *Income Taxes* Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Association has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Association's evaluation was performed for all federal and state tax periods still subject to examination. The Association's 2021 through 2023 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

INVESTMENTS

In accordance with the requirements of Accounting for Certain Investments Held by Not-for-Profit Organizations Topic of FASB ASC 958-320, the Association reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position. Gains and losses are reflected as increases or decreases in the net assets without donor restrictions unless the donor or relevant laws place restrictions on the gains and losses.

Donated securities are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a 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 unobservable inputs (level 3 measurements).

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ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs for the years ended December 31, 2024 and 2023 were \$112,325 and \$86,184, respectively.

DEFERRED FINANCING COSTS

Deferred financing costs consist of fees and expenses paid in connection with the issuance of the debt. These costs are being amortized on a straight-line basis over the term of the debt. Amortization expense was \$0 and \$7,158 for the years ended December 31, 2024 and 2023, respectively.

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of December 31, 2024 and 2023, the Association has working capital of \$4,621,179 and \$2,888,933 and average days cash on hand of 39 and 15 at December 31, 2024 and 2023, respectively.

The table below represents financial assets available for general expenditures within one year at December 31:

Financial assets at year end:

	<u>2024</u>	<u>2023</u>
Cash	1,296,473	451,468
Accounts receivable, net	425,782	154,638
Grants receivable	239,203	225,454
Investments	0	993,094
Assets limited to use:		
Investments - donor restricted	2,303,382	1,333,927
Donor restricted pledges	682,215	1,021,648
Total financial assets:	4,947,055	4,180,229
Less amounts not available to be used within one year:		
Pledges receivable	(260,571)	(442,047)
Financial assets available to meet general expenditures within one year:	4,686,484	3,738,182

The Association has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

NOTE 3 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

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Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Association utilized the market approach to approximate its value of Level 3 investments. Given a pool of assets whose total is known, the Association can approximate its share of the total pooled investments value using rates of return applied to known contribution amounts. The Association used fund statements provided by the Community Foundations that include detail of contributions and withdrawals to adjust the fair value of its assets. The Association is familiar with the Community Foundations and its investment base which includes a variety of investments including domestic and global equities, private equity and real estate, fixed income securities, cash, and other investments. The investments are classified as Level 3 since the fund agreements provide for the irrevocable transfer of assets to the Community Foundations. The Association's methodologies did not change for the years ended December 31, 2024 and 2023.

The following table presents the Association's fair value hierarchy for the Association's investment assets at fair value, as of December 31, 2024:

	Quoted Prices In Active Markets (Level 1)	Prices With Other Observable (Level 2)	Prices With Unobservable Inputs (Level 3)	Total
Investments				
Certificates of deposit	0	1,500,000	0	1,500,000
Equities	0	290	0	0
Bonds	0	752,496	0	0
Money markets	50,596	0	0	50,596
Beneficial interest in assets held by Community Foundation	0	0	1,287,486	1,287,486
Total	50,596	2,252,786	1,287,486	2,838,082

The following table presents the Association's fair value hierarchy for the Association's investment assets at fair value, as of December 31, 2023:

	Quoted Prices In Active Markets (Level 1)	Prices With Other Observable (Level 2)	Prices With Unobservable Inputs (Level 3)	Total
Investments				
Certificates of deposit	0	1,750,000	0	1,750,000
Money markets	577,021	0	0	577,021
Beneficial interest in assets held by Community Foundation	0	0	1,193,631	1,193,631
Total	577,021	1,750,000	1,193,631	3,520,652

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See Note 6 for reconciliation of level 3 investments.

Investment return for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	52,600	67,678
Realized gains	0	6,335
Unrealized gains (losses)	7,445	(14)
Investment management fees	(2,241)	(5,095)
Total	57,804	68,904

NOTE 4 - PLEDGES RECEIVABLE

In year ended December 31, 2023, the Association started a capital campaign for expansions to its Benton Harbor-St. Joseph facility.

The unconditional promises to give consisted of the following as of December 31 :

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	421,644	579,601
Receivable in one to four years	275,623	474,277
Total unconditional promises to give	697,267	1,053,878
Less: discounts to present value	(15,052)	(32,230)
Net unconditional promises to give	682,215	1,021,648
Less: current portion of pledges receivable	(421,644)	(579,601)
Long-term portion of pledges receivable	260,571	442,047

The fair value of long-term unconditional promises to give is estimated by discounting the future cash flows using a risk-free rate of return as of the contribution date. The discount rate used above for the long-term unconditional promises to give is 3.92%.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION

The Association follows the provisions of FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. FASB ASC 958-605 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer these assets, the return on investment of these assets or both to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a Not-for-Profit Organization ("NPO") establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the Association must account for the transfer of such assets as a beneficial interest in funds held by the community foundation. The community foundation refers to such funds as agency fund endowments.

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The community foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the foundation. However, in accordance with FASB ASC 958-605, an asset has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be received by the Association. The Association's endowments have been established with the Michigan Gateway Community Foundation, Berrien Community Foundation, and the Community Foundation of St. Joseph County, Indiana.

The community foundation also holds donor advised endowment funds contributed by others in the Association's name. However, these funds are assets of the foundation and, as such, are not included in the financial statements of the Association. The fair value of those funds are summarized below as direct donor funds.

In addition, the Association is the beneficiary of a perpetual trust administered by a financial institution for the maintenance and improvement of a facility at Camp Eberhart. The trust was created by a donor who granted variance power to the trustee. The Association has no control over the investments of the trust and therefore does not recognize its interest as an asset. The value of the trust was \$195,370 and \$187,086 at December 31, 2024 and 2023, respectively. The distribution received from the funds during the years ended December 31, 2024 and 2023 was \$8,872 and \$13,916, respectively.

The following is a summary of the non-direct and direct donor funds held at December 31, 2024:

Fund Name	Direct association funds	Direct donor funds	Total funds
Michigan Gateway			
NB Agency Endowment	230,278	0	230,278
Tim Tyler Memorial Agency	39,925	0	39,925
Denise Peters Camp Eberhart Education Fund	54,564	4,872	59,436
YMCA 3rd Party Endowment	0	236,222	236,222
Cole Scholarship	0	85,807	85,807
Capital Endowment	0	181,839	181,839
Tim Tyler Memorial	0	28,261	28,261
DLYC Scholarship	0	60,061	60,061
Marcellus YMCA	0	10,588	10,588
Berrien Community Foundation			
Benton Harbor-St. Joseph YMCA Endowment	0	16,937	16,937
Benton Harbor-St. Joseph YMCA - Agency	223,986	0	223,986
YMCA SWMI Camp School Endowment	33,911	0	33,911
Community Foundation of St. Joseph County			
YMCA Camp Eberhart Fund	33,400	300,597	333,997
YMCA Camp Eberhart Facilities Fund	0	277,808	277,808
YMCA Charles Martin Fund	2,068	27,476	29,544
Peter Kreig Memorial Fund for Camp Eberhart	111,195	0	111,195
YMCA fund	191,221	102,912	294,133
YMCA of Michiana, Inc. - South Bend Tribune Fund	366,938	0	366,938
Barbara Emmons YMCA Camp Eberhart Campership Fund	0	670,478	670,478
YMCA Mary Morris Leighton Lodge at Camp Eberhart	0	173,577	173,577
Total	1,287,486	2,177,435	3,464,921

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December 31, 2024 and 2023

The following is a summary of the non-direct and direct donor funds held at December 31, 2023:

Fund Name	Direct association funds	Direct donor funds	Total funds
Michigan Gateway			
NB Agency Endowment	211,972	0	211,972
Tim Tyler Memorial Agency	36,832	0	36,832
YMCA 3rd Party Endowment	0	217,914	217,914
Cole Scholarship	0	79,153	79,153
Capital Endowment	0	167,744	167,744
Tim Tyler Memorial	0	25,089	25,089
DLYC Scholarship	0	59,683	59,683
Marcellus YMCA	0	14,335	14,335
Berrien Community Foundation			
Benton Harbor-St. Joseph YMCA Endowment	0	17,555	17,555
Benton Harbor-St. Joseph YMCA - Agency	235,079	0	235,079
YMCA SWMI Camp School Endowment	30,561	0	30,561
Community Foundation of St. Joseph County			
YMCA Camp Eberhart Fund	32,182	289,638	321,820
YMCA Camp Eberhart Facilities Fund	0	264,954	264,954
YMCA Charles Martin Fund	1,992	26,478	28,470
Peter Kreig Memorial Fund for Camp Eberhart	107,152	0	107,152
YMCA fund	184,266	99,166	283,432
YMCA of Michiana, Inc. - South Bend Tribune Fund	353,595	0	353,595
Barbara Emmons YMCA Camp Eberhart Campership Fund	0	644,107	644,107
YMCA Mary Morris Leighton Lodge at Camp Eberhart	0	167,265	167,265
Total	1,193,631	2,073,081	3,266,712

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 6 - ENDOWMENTS

The Association's endowment fund were established to provide financial support for the Association in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the State Prudent Management Investment Fiduciary Act ("SPMIFA") as requiring realized and unrealized gains of donor-restricted net assets (if any) to be retained as net assets with donor restrictions until appropriated by the Board for expenditure unless explicitly stated otherwise in the gift instrument. In addition, the Board has interpreted SPMIFA to appropriate as much of net appreciation of restricted net assets (if any) as is prudent considering the duration and preservation of the endowment fund, the purposes of the Association and endowment fund, general economic conditions, effect of inflation or deflation, expected total return on its investments, and the investment policy of the Association.

On an annual basis, the Association's endowment funds will be used to support its operations under the specified terms of underlying endowment and funding agreements, as defined. The beneficial interest fund agreements call for 5% of a defined average balance to be distributed for operational purposes. Earnings on the Association's beneficial interest may be appropriated for expenditure by the Board.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support a portion of operations under the specified terms of the underlying endowment agreements, while seeking to preserve the endowment assets in perpetuity. In establishing this policy, the Association considered the long term expected return on its endowments. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity.

The Association has implemented an investment strategy for its endowment assets. Endowments are held at the Community Foundation which has primary responsibility over the investment philosophy utilized. The Community Foundation's December 31, 2024 and 2023 asset allocation philosophy includes the following asset classes: domestic (small and large cap) and global equities, fixed income securities, hedge funds and other investments as defined.

The following table summarizes the activity in the funds during the year ended December 31, 2024:

	Michigan Gateway	Berrien Community Foundation	Community Foundation of St. Joseph County	Total Without Donor Restrictions
Beginning balance	248,804	265,640	679,187	1,193,631
Interest and dividends	6,698	5,919	10,591	23,208
Realized gains	10,523	3,143	614	14,280
Unrealized gains	16,485	22,056	48,599	87,140
Administrative fees	42,257	(38,861)	(34,169)	(30,773)
Ending balance	324,767	257,897	704,822	1,287,486

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December 31, 2024 and 2023

The following table summarizes the activity in the funds during the year ended December 31, 2023:

	Michigan Gateway	Berrien Community Foundation	Community Foundation of St. Joseph County	Total Without Donor Restrictions
Beginning balance	222,938	229,399	630,524	1,082,861
Interest and dividends	5,631	5,747	12,282	23,660
Realized gains	474	3,463	7,369	11,306
Unrealized gains	20,617	29,183	62,229	112,029
Administrative fees	(856)	(2,152)	(33,217)	(36,225)
Ending Balance	248,804	265,640	679,187	1,193,631

NOTE 7 - LINE OF CREDIT

The Association maintains a \$1,000,000 revolving line of credit with Honor Credit Union. Interest is charged at a variable rate of 7.00%. The line of credit is secured by the Association's properties and expires in March 2026. The Association did not have any outstanding borrowings on the line of credit at December 31, 2024 and 2023.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions are comprised of amounts held in pledges receivables, contribution receivables, and investments on the Statement of Financial Position the following at December 31:

	<u>2024</u>	<u>2023</u>
BHSJ Capital Campaign Projects	1,130,724	409,934
BHSJ Capital Campaign - GSRP wall/classroom	0	10,000
DTSB Capital Renovation - Pool	500,000	0
Camp Eberhart - Dave's House	222,218	253,837
Camp Eberhart - Barbara Emmons	20,820	0
Camp Eberhart - Leighton Lodge	16,116	7,699
Camp Eberhart - Morris Lodge	1,984	9,398
Camp Eberhart - Peter Kreig	3,054	0
Camp Eberhart - Facilities	8,144	0
Camp Eberhart - Fireworks	1,297	3,604
Mariners Swim Team	1,559	1,559
LIVESTRONG program at NB/BHSJ	57,709	2,273
LIVESTRONG program at O'Brien	33,534	10,100
Greatest Chefs	1,000	0
Michiana Swims	55,000	10,000
O'Brien Capital Projects	75,187	75,187
O'Brien Edison Lakes	529,410	529,410
O'Brien Support Outreach	1,433	0
O'Brien General Operating	14,258	0
South Bend Tribune Corporate Wellness	28,719	10,926
Contributed rent receivable	880,970	0
Total	3,583,136	1,333,927

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NOTE 9 - LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Promissory note payable to Honor Credit Union, requiring monthly payments of \$24,321, including interest at 3.00% through November 25, 2030. The note is collateralized by real property located in Berrien County, Michigan. Any remaining balance on the note is due and payable in full on the loan due date of November 25, 2030. The Association has met all required covenants.	4,528,976	4,682,445
Less current portion	(158,137)	(153,089)
Net long-term debt	4,370,839	4,529,356

Long-term debt, less current portion, is scheduled to mature as follows for the years ending December 31:

2026	162,947
2027	167,903
2028	173,010
2029	178,273
Thereafter	3,688,706
Total	4,370,839

NOTE 10 - NONFINANCIAL CONTRIBUTIONS

The Organization entered into an agreement with the City of South Bend during 2024 to exchange its former South Bend location that was out of use for free use of three floors of a building in South Bend, Indiana over an 8.5 year lease term. The lease commenced June 1, 2024 and expires December 31, 2032. The value of the leased space is estimated to be \$1,630,833 based on market price of \$5 per square foot for 38,000 feet of space over 8.5 years. The value of the building exchanged is estimated to be \$585,000 based on appraisal. Therefore, the value of the donated space is estimated to be \$1,045,833. The estimated value of the space has been discounted at a rate of 3% resulting in the recognition of a restricted nonfinancial contribution of leased space in the Statement of Activities for the year ended December 31, 2024 in the amount of \$952,046. The Association records a release of restriction as the lease term expires. For the year ended December 31, 2024, \$71,076 was released from restriction representing the portion of the lease that expired during 2024.

The value of nonfinancial contributions included in the accompanying financial statements and the corresponding expenses are as follows for the year ended December 31, 2024:

Contributed rent receivable	1,045,833
Present value discount at 3.0%	(119,445)
Contributed rent revenue	926,388
Less noncash rent expense	71,076
Contribution receivable, net	855,312

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December 31, 2024 and 2023

NOTE 11 - LEASES

The Association leases approximately 7,800 square feet of the Association's Niles Buchanan building to Corewell Health Lakeland Hospitals at Niles and St. Joseph, Inc. ("Lakeland"). The 20-year lease agreement requires monthly payments of \$12,112 for leased space, \$744 of occupancy cost, and 4% of janitorial and interior maintenance. Under FASB issued ASU No. 2016-02, Leases (Topic 842), this lease is classified as an operating lease. All income is recorded for the period to which it applies.

NOTE 12 - RETIREMENT PLAN

The Association participates in a defined contribution, individual account, money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible professional and support staff of the Association who qualify under applicable participation requirements.

The YMCA Retirement Fund is operated as a church pension plan and is a not-for-profit, tax-exempt, state of New York Corporation. Participation is available to all duly organized and recognized YMCAs in the United States. As a defined contribution plan, the YMCA Retirement Plan has no unfunded benefit obligations.

In accordance with the agreement with the YMCA Retirement Fund, the Association and employee contributions are a percentage of the participating employees' salaries, paid for by the Association, and are remitted to the YMCA Retirement Fund monthly. The Association contributions charged to retirement expense was \$372,083 and \$301,586 for the years ended December 31, 2024 and 2023, respectively.

NOTE 13 - CONCENTRATIONS

The Association's members and donors are concentrated in the Southwestern Michigan and St. Joseph County, Indiana area. Accordingly, conditions in that area may affect its membership, gift, and other sources of support and revenue.

NOTE 14 -RELATED PARTY TRANSACTIONS

The Association utilized the legal services of Kotz Sangster law firm and Butzel Long law firm during the years ended December 31, 2024 and 2023. A board member of the Association's Board was an attorney at Kotz Sangster and Butzel Long law firms during the year. The Association incurred legal costs of \$7,033 from Kotz Sangster and \$39,515 from Butzel Long, for a total of \$46,548 and \$41,464 for the years ended December 31, 2024 and 2023, respectively. The Board's Executive Committee reviews and approves all expenditures prior to them being paid by management.

NOTE 15 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through April 18, 2025, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.