Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate

Consolidated Financial Report

December 31, 2024

Contents

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Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association
of Metropolitan Detroit and Subsidiary and Affiliate

Opinion

We have audited the consolidated financial statements of Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate (the "Association"), which comprise the consolidated balance sheet as of December 31, 2024 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and the changes in its net assets, functional expenses, and cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Association and to meet our 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

To the Board of Directors
Young Men's Christian Association
of Metropolitan Detroit and Subsidiary and Affiliate

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Report on Summarized Comparative Information

We have previously audited Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Plante & Moran, PLLC

April 29, 2025

Consolidated Balance Sheet

December 31, 2024
(with summarized comparative totals for December 31, 2023)

	2024	2023
Assets		
Cash and cash equivalents	$ 1,982,894	$ 2,208,540
Restricted cash (Note 2)	105,918	103,226
Cash equivalents designated for future use (Note 2)	1,343	69,819
Investments - Short-term (Note 10)	5,541,754	7,065,405
Receivables - Net of allowances: (Note 2)		
Accounts	94,453	17,117
United Way - Operating	-	195,236
Other	165,802	830,701
Contributions receivable - Net (Note 3)	364,462	815,425
Prepaid expenses and other assets	888,386	1,222,628
Cash equivalents held for long-term use	91,959	412,819
Investments - Long term (Note 10)	3,404,418	3,080,109
Other noncurrent assets	551,197	534,770
Cash restricted to investment in property, plant, and equipment	467,109	769,445
Contributions receivable restricted to investment in property, plant, and equipment - Net (Note 3)	19,267	83,296
Assets held for sale (Note 4)	4,685,244	5,585,244
Right-of-use assets - Operating (Note 6)	591,236	952,101
Right-of-use assets - Finance (Note 6)	812,754	114,227
Property, plant, and equipment - Net (Note 4)	22,934,785	24,111,413
Total assets	**$ 42,702,981**	**$ 48,171,521**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,253,709	$ 1,242,539
Accrued liabilities and other	846,009	772,904
Deferred revenue (Note 2)	989,635	954,132
Obligations under life income contracts	53,154	49,739
Lease liabilities - Operating (Note 6)	591,237	955,703
Lease liabilities - Finance (Note 6)	795,008	110,804
Bonds payable - Net (Note 5)	9,873,311	11,037,067
Long-term notes payable (Note 5)	9,036	302,444
Total liabilities	14,411,099	15,425,332
Net Assets		
Without donor restrictions:		
Undesignated	16,465,122	18,220,136
Board-designated (Note 11)	5,316,183	6,923,123
Total without donor restrictions	21,781,305	25,143,259
With donor restrictions (Note 7)	6,510,577	7,602,930
Total net assets	28,291,882	32,746,189
Total liabilities and net assets	**$ 42,702,981**	**$ 48,171,521**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2024

(with summarized comparative totals for the year ended December 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Camping and program fees	$ 9,102,448	$ -	$ 9,102,448	$ 9,296,579
Contributions and bequests	1,072,131	618,531	1,690,662	2,035,988
Grants and government contracts	4,382,537	579,513	4,962,050	4,958,263
Membership dues	8,208,782	-	8,208,782	7,530,293
Rentals	201,706	-	201,706	182,016
Net special events	512,700	-	512,700	472,454
Net realized and unrealized gains on investments	216,549	26,785	243,334	501,568
Interest income	557,776	-	557,776	435,682
Distributions on life income contracts	(14,879)	-	(14,879)	(13,363)
Change in value of life income contracts	(3,415)	-	(3,415)	18,973
Gain on disposal of fixed assets	613	-	613	2,634,707
Impairment loss on asset held for sale	(900,000)	-	(900,000)	(1,500,000)
Other revenue	118,240	-	118,240	143,226
Total revenue, gains, and other support	23,455,188	1,224,829	24,680,017	26,696,386
Net Assets Released from Restrictions	2,317,182	(2,317,182)	-	-
Total revenue, gains, other support, and net assets released from restrictions	25,772,370	(1,092,353)	24,680,017	26,696,386
Expenses				
Program services	21,488,607	-	21,488,607	21,947,227
Support services:				
Management and general	6,811,720	-	6,811,720	6,609,069
Fundraising	833,997	-	833,997	831,746
Total support services	7,645,717	-	7,645,717	7,440,815
Total expenses	29,134,324	-	29,134,324	29,388,042
Decrease in Net Assets	(3,361,954)	(1,092,353)	(4,454,307)	(2,691,656)
Net Assets - Beginning of year	25,143,259	7,602,930	32,746,189	35,437,845
Net Assets - End of year	**$ 21,781,305**	**$ 6,510,577**	**$ 28,291,882**	**$ 32,746,189**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

(with summarized comparative totals for the year ended December 31, 2023)

		Support Services			Total	
	Program Services	Management and General	Fundraising	Total Support Services	2024	2023
Salaries	$ 9,825,982	$ 2,280,838	$ 328,747	$ 2,609,585	$ 12,435,567	$ 12,362,505
Health and retirement costs	1,003,265	442,446	87,450	529,896	1,533,161	1,585,913
Payroll taxes	821,592	221,305	37,075	258,380	1,079,972	1,128,241
Total salaries and related expenses	11,650,839	2,944,589	453,272	3,397,861	15,048,700	15,076,659
Contracted program instruction and other fees	1,062,350	419,082	66,923	486,005	1,548,355	1,906,446
Legal, audit, and consulting	217,427	205,095	7,234	212,329	429,756	315,307
Supplies	1,459,702	65,779	57,985	123,764	1,583,466	1,900,444
Telephone	101,483	78,668	3,613	82,281	183,764	203,866
Postage and shipping	1,926	297	71	368	2,294	14,179
Occupancy	329,698	82,616	12,654	95,270	424,968	430,833
Utilities	1,518,416	383,759	59,073	442,832	1,961,248	1,842,116
Repairs and maintenance	1,114,712	246,541	37,889	284,430	1,399,142	1,486,799
Insurance and taxes	643,026	156,129	18,406	174,535	817,561	563,982
Promotion and advertising	119,348	743,805	323	744,128	863,476	843,039
Travel and entertainment	153,297	110,337	7,307	117,644	270,941	292,776
Conferences and trainings	129,883	124,647	8,399	133,046	262,929	263,354
Dues and fees	83,806	359,039	25,440	384,479	468,285	476,629
Federation membership dues to national office	-	302,263	-	302,263	302,263	310,713
Equipment rental	92,641	24,746	2,001	26,747	119,388	89,616
Miscellaneous	13,102	1,206	-	1,206	14,308	17,734
Credit loss expense (recovery)	164,797	-	(13,276)	(13,276)	151,521	111,600
Operating lease expense	404,050	-	-	-	404,050	207,815
Interest expense	429,653	108,589	16,715	125,304	554,957	655,504
Depreciation	1,695,772	428,583	65,973	494,556	2,190,328	2,219,625
Amortization of right-of-use assets	102,679	25,950	3,995	29,945	132,624	159,006
Special events	-	-	378,624	378,624	378,624	361,954
Total functional expenses	**$ 21,488,607**	**$ 6,811,720**	**$ 1,212,621**	**$ 8,024,341**	**$ 29,512,948**	**$ 29,749,996**

See notes to consolidated financial statements.

Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate

Consolidated Statement of Cash Flows

Year Ended December 31, 2024

(with summarized comparative totals for the year ended December 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Decrease in net assets	$ (4,454,307)	$ (2,691,656)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,190,328	2,219,625
Credit loss expense	151,521	111,600
Noncash lease expense	378,655	333,317
Amortization of debt issuance costs	22,068	22,068
Gain on investments	(282,370)	(537,365)
Gain on disposition of assets	(613)	(2,634,707)
Change in value of life income contracts	18,294	(5,610)
Contributions restricted for endowment and long-term use	(194,634)	(355,306)
Impairment loss	900,000	1,500,000
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Receivables	646,270	2,935,986
Prepaid expenses and other assets	317,815	112,785
Accounts payable	11,170	15,997
Accrued and other liabilities	73,105	(18,346)
Deferred revenue	35,503	(951,905)
Finance leases	124,155	(57,040)
Operating leases	(365,120)	(173,091)
Net cash and cash equivalents used in operating activities	(428,160)	(173,648)
Cash Flows from Investing Activities		
Purchases of property, plant, and equipment	(1,013,087)	(528,223)
Proceeds from disposition of property, plant, and equipment	500,000	1,500,000
Purchases of investments	(4,058,982)	(1,982,378)
Proceeds from sales of investments	5,861,554	675,768
Net cash and cash equivalents provided by (used in) investing activities	1,289,485	(334,833)
Cash Flows from Financing Activities		
Principal payments on long-term notes payable	(275,907)	(373,733)
Principal payments on bonds payable	(1,185,823)	(2,534,191)
Payments on debt financing	-	(16,765)
Distributions on life income contracts	(14,879)	(13,363)
Proceeds from endowment and long-term use gifts	194,634	355,306
Payments on finance leases	(173,116)	(98,844)
Net cash and cash equivalents used in financing activities	(1,455,091)	(2,681,590)
Net Decrease in Cash and Cash Equivalents	(593,766)	(3,190,071)
Cash and Cash Equivalents - Beginning of year	3,151,030	6,341,101
Cash and Cash Equivalents - End of year	**$ 2,557,264**	**$ 3,151,030**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2024

(with summarized comparative totals for the year ended December 31, 2023)

	2024	2023
Consolidated Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 1,982,894	$ 2,208,540
Restricted cash	105,918	103,226
Cash restricted for investment in property, plant, and equipment	467,109	769,445
Cash designated for future use	1,343	69,819
Total cash and cash equivalents	**$ 2,557,264**	**$ 3,151,030**
Supplemental Cash Flow Information - Cash paid for interest	$ 540,499	$ 633,454
Significant Noncash Transactions		
Right-of-use asset obtained for new operating lease liabilities	$ -	$ 1,121,069
Prepaid below market rent obtained as a result of Birmingham sale-leaseback transaction (Note 4)	-	1,200,000
Right-of-use asset obtained for new finance lease liabilities	824,435	-

Note 1 - Nature of Business

The accompanying consolidated financial statements reflect the consolidated balance sheet and the consolidated statements of activities and changes in net assets, functional expenses, and cash flows for Young Men's Christian Association of Metropolitan Detroit (the "Organization"); its wholly owned subsidiary, Y-Education Services, L3C (Y-ES); and its affiliate, the Young Men's Christian Association of Metropolitan Detroit Foundation (the "Foundation") (collectively, the "Association"). All material intercompany accounts and transactions have been eliminated.

The Organization is an association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the Organization enables youth, adults, families, and communities to be healthy, confident, connected, and secure. The Organization is composed of seven branches, two resident camps, and six outreach programs, located primarily in the southeastern Michigan area. The Foundation is a separate legal entity formed in 2003 to manage certain investment activity and to provide financial support to the Organization. The Organization and the Foundation have certain common board members.

Note 2 - Significant Accounting Policies

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Association considers all highly liquid instruments with an original maturity of three months or less when purchase to be cash equivalents.

Cash Equivalents Designated for Future Use

Cash equivalents designated for future use consist of cash equivalents held for the purpose of fulfilling the agreements on life income contracts and cash equivalents of endowment funds held temporarily until invested in long-term investments.

Restricted Cash

Under the terms of an agreement with a bank, the Association has agreed to maintain a cash balance of $100,000, which is secured collateral for the Association's corporate credit card line of credit. At December 31, 2024, $105,918 of cash is restricted for that purpose.

Classification of Net Assets

Net assets of the Association are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Association.

Net assets with donor restrictions: Net assets 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 the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated net assets include $4,272,370 of quasi-endowment funds and $1,043,813 of designations for future investment and potential cash flow operating needs. The board designations include cash equivalents designated for future use on the consolidated balance sheet.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair market value. Estimated fair values are provided by external investment managers. The Association reviews and evaluates the values provided by the investment manager and agrees with the valuation methods and significant assumptions used in determining fair value of the nonmarketable alternative investments.

These alternative investments include hedged investments and private investments, which may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for these securities existed.

Accounts Receivable

Accounts receivable are stated at the applicable membership or program fee. The Association's policy is to record accounts receivable for certain types of memberships and programs when a commitment to participate has been made by the third party to the Association. An allowance for credit losses is calculated by considering historical losses and applying that information to total accounts receivable. Amounts deemed to be uncollectible are charged to the provision for credit losses in the period that such a determination is made. The Association has recorded an allowance for credit loss for accounts receivable of $90,000 at December 31, 2024.

Cash and Contributions Receivable Restricted for Investment in Property, Plant, and Equipment

Cash and contributions receivable restricted for investment in property, plant, and equipment represents amounts collected and pledges received related to the Association's Revitalize and Thrive campaign that are restricted for future improvements to the Association's property, plant, and equipment. Contributions receivable restricted for investment in property, plant, and equipment are recorded as revenue when an irrevocable promise to give is received. The revenue is measured at the present value of expected cash flows.

Assets Held for Sale

Assets held for sale represent property that was being actively marketed for sale at year end. These assets are recorded at the lower of the net book value or estimated fair value less costs to sell. See Note 4 for further details.

Property, Plant, and Equipment

Purchased property, plant, and equipment are recorded at cost. Property and equipment received as contributions are recorded at the fair market value at the date of receipt. When certain events or changes in operating conditions occur, an impairment assessment is performed and the value and lives of property and equipment may be adjusted. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Costs of repairs and maintenance are charged to expense as incurred.

Revenue Recognition

The Association has revenue resulting from contracts with members and participants related to membership dues and service fees. Total revenue from contracts with customers for the year ended December 31, 2024 was $17,631,176. In some situations, the Association collects cash prior to the satisfaction of the performance obligation, which results in the Association recognizing contract liabilities. These contract liabilities are reflected within deferred revenue in the accompanying consolidated balance sheet.

Note 2 - Significant Accounting Policies (Continued)

Membership Dues

Membership dues are reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing member services. Family and individual memberships are available on an annual basis. Most of the membership dues are billed and paid on a monthly basis via electronic payment methods.

For memberships, the Association has performance obligations based on the nature of the services provided and include performance obligations to provide access to the facilities, such as the gym, pool, and exercise equipment, to members each month. The annual membership price is allocated, and revenue is recognized on a straight-line basis throughout the annual membership period since the performance obligation is the same each month (i.e., to provide access to facilities). There are no receivables associated with memberships since the payments are automatically withdrawn from member bank accounts or charged to member credit cards.

Membership dues constitute approximately 47 percent of total revenue from contracts with members and participants for the year ended December 31, 2024.

Camping and Program Fees

For camping and program fee revenue, the Association has performance obligations related to child care services, programs, and camps.

The performance obligation related to child care is to provide daily child care services. The transaction price is based on a weekly rate for services provided each week. Since services are provided on a daily basis, the transaction price is allocated on a straight-line basis for each day that care is provided. Child care is billed and recognized as revenue over time because the performance obligation is satisfied as the services are performed. Accounts receivable exist for unpaid amounts, the majority of which have an allowance for doubtful accounts established. Deferred revenue is recorded for amounts paid in advance.

The Association provides a variety of programs for a fee, including aquatics, sports, fitness classes, etc. The duration of the programs is generally short (approximately six to eight weeks). The contract is to provide the program in exchange for a fee. The performance obligation related to programs is to provide the program (i.e., class or scheduled gym space), which is provided equally throughout the duration of the program. The transaction price is allocated on a straight-line basis because the services are provided equally throughout the duration of the program. There are generally no receivables or deferred revenue, as participants cannot participate if they do not pay, and payment is received shortly before the program starts.

The Association offers camping programs throughout southeastern Michigan. Individuals and groups enroll in the camp programs. The camping programs are provided in exchange for a fee. The performance obligation related to the camp programs is to provide the camping program for the duration for which the individual or group has signed up. The price is allocated on a straight-line basis because the services are provided equally throughout the duration of the camping program. Camp fees are charged and paid in advance of the services provided. The Association defers prepaid camp fees until the services are provided. Revenue is recognized on a straight-line basis over the period the camping program is provided.

Camping and program fee revenue constitutes approximately 52 percent of total revenue from contracts with customers for the year ended December 31, 2024.

Revenue from the sale of certain types of memberships and programs is deferred and recognized as income over the period of the membership or program.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as support without donor restrictions. Other donor-restricted gifts are reported as donor-restricted support and net assets with donor restrictions.

The Association's policy is to record pledges when such pledges are made to the Association, less an allowance for uncollectible amounts, if applicable. The Association has recorded an allowance for doubtful accounts for contributions receivable of $75,000 at December 31, 2024, of which $50,000 relates to the contributions receivable restricted to investment in property, plant, and equipment.

Donated Services and Assets

Certain donated services are recognized as support in the consolidated statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. There were no in-kind contributions for the year ended December 31, 2024.

Other volunteers have donated significant amounts of their time to the Association's program services. These volunteer services are not recordable under accounting principles generally accepted in the United States of America. The value of the volunteer services is not disclosed, as no objective basis is available to measure the value of such services.

Grants and Government Contracts

Grant revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Depreciation and amortization are allocated on the basis of the program or support service, which uses the fixed asset. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Financial Assistance

The Association provides financial assistance to low-income individuals for membership and program fees. Membership and program fees revenue has been reported net of any applicable financial assistance.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Association is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk Arising from Deposit Accounts

The Association maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Association evaluates the financial institutions with which it deposits funds; however, it may not be practical to insure all cash deposits.

Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, 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 consolidated balance sheet.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended December 31, 2023 is not intended to be a complete consolidated financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's 2023 consolidated financial statements, from which the summarized information was derived.

Subsequent Events

Management evaluated subsequent events up through and including April 29, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - Contributions Receivable

Included in contributions receivable at December 31, 2024 are several unconditional promises to give. They are expected to be collected as follows:

Contributions receivable	$ 458,729
Less allowance for uncollectible contributions	(75,000)
Net contributions receivable	$ 383,729
Less than one year	$ 399,129
One to five years	59,600
Total	$ 458,729

Note 3 - Contributions Receivable (Continued)

The Association receives conditional contributions for the purpose of ongoing programs that are not recognized as revenue within the consolidated statement of activities and changes in net assets until the conditions are met.

During the year ended December 31, 2022, the Association received a contribution of $1,000,000 with $666,666 conditioned upon raising matching contributions for the Association's youth swim programs. Under the terms of the grant, if conditions are met, the Association would receive $333,333 in 2023 and $333,333 in 2024. The Association met the conditions for 2023 and 2024 and recognized revenue of $333,333 in each year.

Conditional contributions are also received from federal and nonfederal sources and revenue is conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. There were no amounts pledged through conditional contributions not yet recognized as revenue at December 31, 2024.

Note 4 - Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2024 are summarized as follows:

	Amount	Depreciable Life - Years
Land	$ 1,598,417	-
Land improvements	1,675,117	10-15
Buildings	49,880,856	15-50
Building improvements	15,326,535	10-15
Machinery and equipment	607,514	2-5
Transportation equipment	473,763	5
Furniture and fixtures	3,136,327	5-10
Computer equipment and software	702,920	3-5
Construction in progress	23,750	-
Total cost	73,425,199	
Accumulated depreciation	50,490,414	
Net property, plant, and equipment	$ 22,934,785	

Depreciation expense for 2024 was $2,190,328.

During the year ended December 31, 2020, the Association elected to close three branch locations. Of these, one property remains held for sale on the consolidated balance sheet and is evaluated annually for impairment. During the year ended December 31, 2024, the Association determined the estimated fair value of the building was lower than the net book value and recorded an impairment loss of $900,000. The estimated fair value was based on the expected eventual sale price of the facility. The Association will continue to monitor market conditions to determine if further impairment is indicated in future periods.

During the year ended December 31, 2023, the Association sold a property with a net book value of approximately $528,000 at the time of the sale and subsequently entered into a sale-leaseback arrangement with the buyer of the property to lease the property for three years at $1 of rent per year, beginning in July 2023. The property was sold for cash consideration of $2,000,000. The fair market value of the lease acquired as part of the transaction was estimated to be $1,200,000 based on the rents of comparable properties in the surrounding area. As of December 31, 2024, there is $600,000 recorded as prepaid rent, which is included within prepaid expenses and other assets on the consolidated balance sheet.

Note 5 - Long-term Debt

In June 2014, the Association entered into an agreement with the Michigan Strategic Fund to issue the Series 2014 Variable Rate Limited Obligation Revenue Refunding Bonds (Series 2014 Bonds) to pay off the remaining principal on the 2001 and 2003 bonds. The Series 2014 Bonds were directly purchased by a bank for the outstanding principal amount of $28,135,000.

The maturity date of the bond agreement was July 1, 2034; however, under the purchase agreement, the bank had the right to redeem the Series 2014 Bonds on June 1, 2021. In February 2021, the bond agreement was amended. Additionally, the bank provided a certificate of extension, extending the Bank Purchase Rate Mandatory Tender Date to May 31, 2024. The bond agreement was further amended during 2023 to adjust the interest rate from LIBOR to SOFR and adjust the amortization schedule.

On May 16, 2024, the bond agreement was further amended to extend the Bank Purchase Rate Mandatory Tender Date to June 1, 2026. This tender date may be extended at the sole discretion of the purchaser. Under the amended agreement, the Association is subject to certain financial covenants that are measured monthly through April 2026.

Under the May 2024 amendment, monthly principal payments of $98,819 are due through June 1, 2032. Monthly principal payments of $47,570 are due from July 1, 2032 through July 1, 2034. Payments are due on the first day of each month. The debt bears interest at the rate of 0.11448 percent plus the term SOFR (an effective rate of 4.380 percent at December 31, 2024).

The amount reported at December 31, 2024 is $9,873,311, which represents the outstanding principal due of $10,082,925, net of unamortized debt issuance costs of $209,614. Debt issuance costs are being amortized on a straight-line basis over the term of the bonds. Amortization expense was $22,068 in 2024.

The debt is collateralized by accounts receivable; legally available investments; and substantially all land, buildings, and equipment of the Association. In addition, the Association is subject to meeting certain financial covenants, including maintaining certain monthly financial results and maintaining assets without donor restrictions.

In June 2021, the Association received a $1,248,065 installment note loan from its bank to pay off outstanding equipment term loans of $748,065 and the $500,000 line of credit balance. The note is payable in monthly installments of approximately $27,000 beginning on July 1, 2021 through November 2024. The remainder of the principal was paid off during 2024.

During 2020, the Association obtained financing of approximately $82,000 to purchase equipment. Payments are due in monthly installments of approximately $1,500 over the 63-month term. The balance of the loan was $9,036 at December 31, 2024.

Minimum principal payments on the bonds and notes payable to maturity as of December 31, 2024 are as follows:

Years Ending	Amount
2025	$ 1,194,859
2026	1,185,823
2027	1,185,823
2028	1,185,823
2029	1,185,823
Thereafter	4,153,810
Unamortized debt discount	(209,614)
Total	$ 9,882,347

Interest expense for 2024 was $549,567, which includes $22,068 of bond amortization expense.

Note 6 - Leases

The Association is obligated under operating leases primarily for use of space, expiring at various dates through 2026. The right-of-use asset and related lease liability have been calculated using the risk-free discount rates ranging from 4.47 percent to 5.49 percent. The leases require the Association to pay taxes, insurance, utilities, and maintenance costs.

The Association leases fitness and office equipment under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from $2,949 to $11,674 are due monthly or quarterly through 2029. The right-of-use asset and related lease liability have been calculated using risk-free discount rates ranging from 0.65 percent to 4.18 percent.

The Association made a policy election not to separate lease and nonlease components for the operating leases and finance leases. Therefore, the full amount of the lease payments is included in the recorded right-of-use asset and lease liability for all leases.

Expenses recognized under these leases for the year ended December 31, 2024 are recognized on the straight-line basis and consist of the following:

Lease cost:	
Finance lease cost:	
Amortization of right-of-use assets	$ 132,624
Interest on lease liabilities	3,940
Operating lease cost	404,050
Total lease cost	$ 540,614
Other information:	
Weighted-average remaining lease term (months) - Finance leases	34.73
Weighted-average remaining lease term (months) - Operating leases	17.87
Weighted-average discount rate - Finance leases	2.9 %
Weighted-average discount rate - Operating leases	4.5 %

Note 6 - Leases (Continued)

Future minimum rent on noncancelable leases as of December 31, 2024 for each of the next five years, and in the aggregate, is as follows:

Years Ending December 31	Operating Leases	Direct Finance Leases	Total Payments
2025	$ 412,146	$ 210,063	$ 622,209
2026	199,998	201,216	401,214
2027	-	191,028	191,028
2028	-	140,088	140,088
2029	-	128,414	128,414
Total	612,144	870,809	1,482,953
Less amount representing interest	20,907	75,801	96,708
Present value of net minimum lease payments	591,237	795,008	1,386,245
Less current obligations	412,146	210,063	622,209
Long-term obligations under leases	$ 179,091	$ 584,945	$ 764,036

Note 7 - Donor-restricted Net Assets

Net assets with donor restrictions as of December 31, 2024 are available for the following purposes:

Subject to expenditures for a specified purpose and the passage of time	$ 2,787,287
Subject to the passage of time - Life Income Fund	226,292
Subject to the Association's spending policy and appropriation (Note 11)	3,496,998
Total	$ 6,510,577

The Life Income Fund includes resources and obligations created by various split-interest agreements entered into with donors. Under the terms of the contracts, the Association is required to invest amounts received and distribute the investment income, net of related expenses, to designated beneficiaries.

Upon the death of a beneficiary, the principal remaining under each contract reverts to the Association or other designated beneficiaries, in accordance with the terms of the respective contract. Investments are recorded at fair market value. Liabilities are recorded at the net present value of payments due using the 1980 commissioner's standard ordinary mortality table and discount rates ranging from 6 to 7 percent.

Note 8 - Van Dusen Endowment

Certain funds donated by outside donors for the benefit of the Association are held and managed by the Community Foundation for Southeastern Michigan (the "Community Foundation"). The Community Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Association. The fair market value of these funds is $2,218,185 at December 31, 2024. These funds are not reflected in the consolidated financial statements. Earnings are available for distribution to the Association for operations at the discretion of the Community Foundation and are, therefore, not reflected as revenue in the consolidated financial statements until received by the Association. During the year ended December 31, 2024, the Community Foundation distributed $94,838 to the Association.

Note 9 - Retirement Plans

The Association participates in the YMCA Retirement Fund Retirement Plan, which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986 (the "Code"), as amended, and the YMCA Retirement Fund Tax-Deferred Savings Plan, which is a retirement income account plan, as defined in Section 403(b)(9) of the Code. Both plans are sponsored by the Young Men's Christian Association Retirement Fund (the "Fund"). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of Young Men's Christian Associations (YMCAs) throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the retirement plan and tax-deferred savings plan have no unfunded benefit obligations.

In accordance with the agreement between the Association and the Fund, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salaries. These amounts are paid by the Association. Total contributions charged to retirement costs in the fiscal year were approximately $697,000.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution in this plan.

Note 10 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 10 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following table presents information about the Association's assets measured at fair value on a recurring basis at December 31, 2024 and the valuation techniques used by the Association to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2024
Assets				
Investments:				
Index funds	$ 4,610,554	$ -	$ -	$ 4,610,554
Mutual funds	456,483	-	-	456,483
Fixed income and preferred stocks	-	3,485,263	-	3,485,263
Total	$ 5,067,037	$ 3,485,263	$ -	8,552,300
Investments measured at net asset value - Alternative investment				393,872
Total assets				$ 8,946,172

The fair value of fixed income and preferred stocks at December 31, 2024 was determined primarily based on Level 2 inputs. The Association estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve assumptions, as well as other relevant economic measures.

Investments in Entities that Calculate Net Asset Value per Share

The alternative investments valued at net asset value consist of an investment the JLL Property Income Trust (the "Trust").

The JLL Income Property Trust is an institutionally managed, daily valued, perpetual life real estate investment trust (REIT). The Trust's investment objective is to acquire, own, and actively manage a broadly diversified portfolio of core properties and real estate-related assets that aims to generate income for stockholders. The estimated fair value of the Association's interest in the trust is provided by an external investment manager and is based on net asset value per share (or its equivalent) of the trust. The Association reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. At December 31, 2024, the Association had no unfunded commitments with the Trust. After an initial one-year holding period, liquidity is made available through a daily share repurchase plan, subject to certain limitations.

Note 11 - Donor-restricted and Board-designated Endowments

The Association's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Association is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Furthermore, unrealized and realized gains and losses are considered appropriated in the year they occur and simultaneously designated by the board. The board of directors of the Association had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Association has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

	Endowment Net Asset Composition by Type of Fund as of December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,272,370	$ -	$ 4,272,370
Donor-restricted endowment funds - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	3,496,998	3,496,998
Total	$ 4,272,370	$ 3,496,998	$ 7,769,368

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 3,989,490	$ 3,490,641	$ 7,480,131
Investment return:			
Investment income	414,714	-	414,714
Net appreciation (realized and unrealized)	273,569	-	273,569
Total investment return	688,283	-	688,283
Contributions	-	6,357	6,357
Appropriation of endowment assets for expenditure	(405,403)	-	(405,403)
Endowment net assets - End of year	$ 4,272,370	$ 3,496,998	$ 7,769,368

Underwater Endowment Funds

As of December 31, 2024, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the market index, or blended market index, net of fees selected and agreed upon by the Foundation's board that most closely correspond to the style of investment management, while displaying an overall level of risk in the portfolio, which is consistent with the risk associated with the benchmark specified. The Association expects its endowment funds, over time, to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association typically has a policy of appropriating for distribution each year 6 percent of its endowment fund's average fair value for the previous three years as of March 31 through the calendar year end preceding the fiscal year in which the distribution is planned.

In establishing the annual distribution policy, the Association expects to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of the assets. The Association has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The Association elected not to take an annual distribution from the donor-restricted endowment in 2024.

Note 12 - Liquidity and Availability of Financial Resources

The following reflects the Association's financial assets as of December 31, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

Financial assets at year end	$ 12,239,379
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Restricted by donor for capital use	486,376
Subject to appropriation and satisfaction of donor-restrictions	3,496,998
Investments held in annuity trust	226,292
Board-designated endowment - Endowment fund - Primarily for long-term investing	2,272,370
Financial assets available to meet cash needs for general expenditures within one year	$ 5,757,343

The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, while it also realizes there could be unanticipated liquidity needs. The Association considers general expenditures to include all costs with the exception of bond debt service costs, principal and interest, and capital outlay. In addition, the Association invests cash in excess of daily requirements in various short-term investments.

The Association received a significant unrestricted gift in 2020. The gift has been board designated for future investment and for cash flow operating needs. It is estimated that the remainder of the gift will be appropriated for general expenditures in 2025.

The Association’s endowment consists of a board-designated endowment of $4,272,370 at December 31, 2024, in addition to the donor-restricted endowment. Income from the endowment is not restricted and, therefore, available for general expenditure. The board approved the Association to utilize up to $2,000,000 of the board-designated endowment for general expenditures in 2025.

Note 13 - Management's Plan

As a result of the COVID-19 pandemic in 2020, the State of Michigan required the Association to curtail substantially all of its branch operations and programming for approximately nine months and then slowly reopen on a limited basis while taking significant and costly health precautions. These actions resulted in historic declines in revenue during 2020 and 2021.

Over the past three years, the Association has been working to rebuild from the tremendous negative impact of the pandemic. Significant progress has been made in this recovery, with 71 percent growth in membership and program revenue from 2021 to 2024. While significant progress has been made, revenue has not yet reached prepandemic levels, presenting an opportunity for continued efforts to achieve a full recovery and build even greater resilience.

The Association has implemented the following plans to continue rebuilding from the pandemic:

- The Association will continue to drive membership and program revenue growth through further implementation of the key components of the recovery plan, which seeks to improve the member experience by making targeted investments in staff and facilities. Management believes that this strategy has been instrumental in the revenue growth achieved over the past three years and is committed to continuing with this plan.
- The Association continues to operate with a reduced staffing structure in alignment with current revenue levels. The current staffing model remains at approximately 60 percent of prepandemic levels.

Note 13 - Management's Plan (Continued)

- The North Oakland branch of the Association is for sale. Proceeds from an eventual sale will decrease the outstanding debt obligations of the Association.
- In 2020, the Probate Court for the County of Wayne approved a petition to release from charitable restrictions $3,085,457 of the Association’s donor-restricted endowment funds to support operating cash flow needs. Management has accessed these funds as necessary to manage through the financial challenges brought on by the pandemic. To date, the Association has utilized $2 million of these funds to meet operating cash flow needs, leaving $1,085,457 available for future needs.
- The Association received a $10 million unrestricted gift in 2020. The gift has been instrumental in enabling the Association to deal with the negative financial impacts of the pandemic. The Association used $9 million of the gift as part of its pandemic recovery plan, leaving approximately $1 million available for future use.
- The Michigan Legislature continues to prioritize the health, safety, and education of children and has allocated funding to support child care and out-of-school-time programs that further these objectives. Based on these stated priorities, management anticipates continuing support of child care and out-of-school-time programs in 2025.

Though the COVID-19 pandemic heightened the Association’s risk factors, management continues to believe that long-term financial sustainability can be achieved through investments in staff and facilities designed to improve and enhance the member experience, the key components of the recovery plan. The financial improvements made over the last three years further support the impact that the recovery plan is having. The Association will continue to prioritize funding opportunities, including grants and gifts, to continue implementing the recovery plan and achieving financial sustainability in the near future.

The Association is a 172-year-old mission-driven community benefit organization committed to youth, family, community, and leadership and intends to take appropriate financial and other actions to allow the Association to continue to serve metropolitan Detroit as a relevant and impactful organization for another century. To be successful, these actions will require continuing and enhanced support from donors, members, volunteers, staff, and local government.