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

Consolidated Financial Report
December 31, 2025

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

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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, 2025 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, 2025 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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Plante & Moran, PLLC

April 28, 2026

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

Consolidated Balance Sheet

December 31, 2025
(With Summarized Comparative Totals for December 31, 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 4,349,018	\$ 1,982,894
Restricted cash (Note 2)	107,835	105,918
Cash equivalents designated for future use (Note 2)	-	1,343
Investments - Short term (Note 10)	4,516,702	5,541,754
Receivables - Net of allowances: (Note 2)		
Accounts	135,281	94,453
Other	108,697	165,802
Contributions receivable - Net (Note 3)	1,864,889	364,462
Prepaid expenses and other assets	585,924	888,386
Cash equivalents held for long-term use	125,402	91,959
Investments - Long term (Note 10)	3,412,678	3,404,418
Other noncurrent assets	566,378	551,197
Cash restricted to investment in property, plant, and equipment	-	467,109
Contributions receivable restricted to investment in property, plant, and equipment - Net	-	19,267
Assets held for sale (Note 4)	-	4,685,244
Right-of-use assets - Operating (Note 6)	209,830	591,236
Right-of-use assets - Finance (Note 6)	663,120	812,754
Property, plant, and equipment - Net (Note 4)	21,500,036	22,934,785
Total assets	\$ 38,145,790	\$ 42,702,981
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 855,274	\$ 1,253,709
Accrued liabilities and other	827,980	846,009
Deferred revenue (Note 2)	965,574	989,635
Bonds payable - Net	4,185,348	9,873,311
Obligations under life income contracts	52,701	53,154
Lease liabilities - Operating (Note 6)	209,830	591,237
Lease liabilities - Finance (Note 6)	660,559	795,008
Long-term notes payable (Note 5)	-	9,036
Total liabilities	7,757,266	14,411,099
Net Assets		
Without donor restrictions:		
Undesignated	16,849,961	16,465,122
Board designated (Note 11)	4,289,449	5,316,183
Total without donor restrictions	21,139,410	21,781,305
With donor restrictions (Note 7)	9,249,114	6,510,577
Total net assets	30,388,524	28,291,882
Total liabilities and net assets	\$ 38,145,790	\$ 42,702,981

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

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2025

(With Summarized Comparative Totals for the Year Ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Camping and program fees	\$ 9,160,820	\$ -	\$ 9,160,820	\$ 9,102,448
Contributions and bequests	1,406,866	189,425	1,596,291	1,690,662
Grants and government contracts	4,392,186	4,946,242	9,338,428	4,962,050
Membership dues	9,073,240	-	9,073,240	8,208,782
Rentals	186,547	-	186,547	201,706
Net special events	465,869	-	465,869	512,700
Net realized and unrealized gains on investments	563,151	26,331	589,482	243,334
Interest income	332,544	-	332,544	557,776
Distributions on life income contracts	(15,594)	-	(15,594)	(14,879)
Change in value of life income contracts	453	-	453	(3,415)
(Loss) gain on disposal of fixed assets	(190,005)	-	(190,005)	613
Impairment loss on asset held for sale	-	-	-	(900,000)
Other revenue	95,624	-	95,624	118,240
Total revenue, gains, and other support	25,471,701	5,161,998	30,633,699	24,680,017
Net Assets Released from Restrictions	2,423,461	(2,423,461)	-	-
Total revenue, gains, other support, and net assets released from restrictions	27,895,162	2,738,537	30,633,699	24,680,017
Expenses				
Program services	20,738,133	-	20,738,133	21,488,607
Support services:				
Management and general	6,944,122	-	6,944,122	6,811,720
Fundraising	854,802	-	854,802	833,997
Total support services	7,798,924	-	7,798,924	7,645,717
Total expenses	28,537,057	-	28,537,057	29,134,324
Increase (Decrease) in Net Assets	(641,895)	2,738,537	2,096,642	(4,454,307)
Net Assets - Beginning of year	21,781,305	6,510,577	28,291,882	32,746,189
Net Assets - End of year	\$ 21,139,410	\$ 9,249,114	\$ 30,388,524	\$ 28,291,882

See notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

(With Summarized Comparative Totals for the Year Ended December 31, 2024)

	Program Services	Support Services			Total	
		Management and General	Fundraising	Total Support Services	2025	2024
Salaries	\$ 9,380,611	\$ 2,380,339	\$ 322,666	\$ 2,703,005	\$ 12,083,616	\$ 12,435,567
Health and retirement costs	1,062,135	478,550	99,012	577,562	1,639,697	1,533,161
Payroll taxes	815,593	176,563	25,150	201,713	1,017,306	1,079,972
Total salaries and related expenses	11,258,339	3,035,452	446,828	3,482,280	14,740,619	15,048,700
Contracted program instruction and other fees	1,176,084	451,761	75,844	527,605	1,703,689	1,548,355
Legal, audit, and consulting	30,083	188,271	39	188,310	218,393	429,756
Supplies	1,346,194	81,087	49,078	130,165	1,476,359	1,583,466
Telephone	88,783	69,924	3,104	73,028	161,811	183,764
Postage and shipping	2,278	16,317	88	16,405	18,683	2,294
Occupancy	219,465	90,147	12,799	102,946	322,411	424,968
Utilities	1,600,498	431,523	63,522	495,045	2,095,543	1,961,248
Repairs and maintenance	1,063,866	271,778	39,864	311,642	1,375,508	1,399,142
Insurance and taxes	688,656	186,748	21,104	207,852	896,508	817,561
Promotion and advertising	127,947	630,488	35	630,523	758,470	863,476
Travel and entertainment	146,459	149,750	3,997	153,747	300,206	270,941
Conferences and trainings	121,802	49,083	9,065	58,148	179,950	262,929
Dues and fees	84,344	438,847	27,266	466,113	550,457	468,285
Federation membership dues to national office	-	259,699	-	259,699	259,699	302,263
Equipment rental	26,039	8,922	548	9,470	35,509	119,388
Miscellaneous	19,371	1,706	-	1,706	21,077	14,308
Credit loss expense	160,669	-	15,858	15,858	176,527	151,521
Operating lease expense	416,350	-	-	-	416,350	404,050
Interest expense	338,527	91,273	13,436	104,709	443,236	554,957
Depreciation	1,671,417	450,644	66,336	516,980	2,188,397	2,190,328
Amortization of right-of-use assets	150,962	40,702	5,991	46,693	197,655	132,624
Special events	-	-	430,830	430,830	430,830	378,624
Total functional expenses	\$ 20,738,133	\$ 6,944,122	\$ 1,285,632	\$ 8,229,754	\$ 28,967,887	\$ 29,512,948

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2025

(With Summarized Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 2,096,642	\$ (4,454,307)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,188,397	2,190,328
Credit loss expense	176,527	151,521
Noncash lease expense	536,517	378,655
Amortization of debt issuance costs	102,919	22,068
Gain on investments	(627,284)	(282,370)
Loss (gain) on disposition of assets	190,005	(613)
Change in value of life income contracts	15,141	18,294
Contributions restricted for endowment and long-term use	(74,134)	(194,634)
Impairment loss	-	900,000
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Receivables	(1,641,410)	646,270
Prepaid expenses and other assets	287,281	317,815
Accounts payable	(398,435)	11,170
Accrued and other liabilities	(18,029)	73,105
Deferred revenue	(24,061)	35,503
Finance leases	61,911	124,155
Operating leases	(382,024)	(365,120)
Net cash and cash equivalents provided by (used in) operating activities	2,489,963	(428,160)
Cash Flows from Investing Activities		
Purchases of property, plant, and equipment	(943,653)	(1,013,087)
Proceeds from disposition of property, plant, and equipment	4,685,244	500,000
Purchases of investments	(2,531,455)	(4,058,982)
Proceeds from sales of investments	4,142,088	5,861,554
Net cash and cash equivalents provided by investing activities	5,352,224	1,289,485
Cash Flows from Financing Activities		
Principal payments on long-term notes payable	(9,036)	(275,907)
Principal payments on bonds payable	(5,790,882)	(1,185,823)
Distributions on life income contracts	(15,594)	(14,879)
Proceeds from endowment and long-term use gifts	74,134	194,634
Payments on finance leases	(201,220)	(173,116)
Net cash and cash equivalents used in financing activities	(5,942,598)	(1,455,091)
Net Increase (Decrease) in Cash and Cash Equivalents	1,899,589	(593,766)
Cash and Cash Equivalents - Beginning of year	2,557,264	3,151,030
Cash and Cash Equivalents - End of year	\$ 4,456,853	\$ 2,557,264
Consolidated Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 4,349,018	\$ 1,982,894
Restricted cash	107,835	105,918
Cash restricted for investment in property, plant, and equipment	-	467,109
Cash equivalents designated for future use	-	1,343
Total cash and cash equivalents	\$ 4,456,853	\$ 2,557,264
Supplemental Cash Flow Information - Cash paid for interest	\$ 347,302	\$ 540,499
Significant Noncash Transactions - Right-of-use asset obtained for new finance lease liabilities	\$ 48,022	\$ 824,435

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

Notes to Consolidated Financial Statements

December 31, 2025

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 purchased 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, 2025, \$107,835 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 \$4,289,289 of quasi-endowment funds. The board designations include cash equivalents designated for future use on the consolidated balance sheet.

Notes to Consolidated Financial Statements

December 31, 2025

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair market value, as described in Note 10. Unrealized gains and losses are included in total revenue, gains, and other support on the consolidated statement of activities and changes in net assets. Interest income is recorded on the accrual basis.

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 \$85,000 at December 31, 2025.

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

Cash and contributions receivable restricted for investment in property, plant, and equipment represent 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.

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, 2025 was \$18,516,231. 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.

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.

Notes to Consolidated Financial Statements

December 31, 2025

Note 2 - Significant Accounting Policies (Continued)

For memberships, the Association has performance obligations based on the nature of the services provided, including 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 49 percent of total revenue from contracts with members and participants for the year ended December 31, 2025.

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, enrichment 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 49 percent of total revenue from contracts with customers for the year ended December 31, 2025.

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.

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.

Notes to Consolidated Financial Statements

December 31, 2025

Note 2 - Significant Accounting Policies (Continued)

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 \$30,830 at December 31, 2025.

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, 2025.

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.

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.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 2 - Significant Accounting Policies (Continued)

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, 2024 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 2024 consolidated financial statements, from which the summarized information was derived.

Subsequent Events

Management evaluated subsequent events up through and including April 28, 2026, which is the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the Association announced that the Birmingham Family YMCA location will officially close on April 30, 2026. The property was sold to the City of Birmingham in July 2023, after which the Association has operated the facility under a lease agreement. For the year ended December 31, 2025, operations at the Birmingham location were approximately breakeven. As operations wind down in 2026, the Association estimates an operating loss of approximately \$160,000.

Note 3 - Contributions Receivable

Included in contributions receivable at December 31, 2025 are several unconditional promises to give. They are expected to be collected as follows:

Contributions receivable	\$ 1,895,719
Less allowance for uncollectible contributions	<u>(30,830)</u>
Net contributions receivable	<u>\$ 1,864,889</u>
Less than one year	\$ 1,133,233
One to five years	<u>762,486</u>
Total	<u>\$ 1,895,719</u>

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.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 3 - Contributions Receivable (Continued)

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, 2025.

Note 4 - Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2025 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	15,774,549	10-15
Machinery and equipment	536,116	2-5
Transportation equipment	461,763	5
Furniture and fixtures	3,135,097	5-10
Computer equipment and software	688,130	3-5
Construction in progress	15,311	-
Total cost	73,765,356	
Less: Accumulated depreciation	52,265,320	
Net property, plant, and equipment	<u>\$ 21,500,036</u>	

Depreciation expense for 2025 was \$2,188,397.

During the year ended December 31, 2020, the Association elected to close three branch locations. Of these, the North Oakland property remained held for sale on the consolidated balance sheet through December 31, 2024. In July 2025, the Association sold the property, which had a net book value of approximately \$4,685,000 at the time of sale, for net proceeds of approximately \$4,605,000. Per prior arrangement with the Association's bank, all net proceeds were paid directly to the Association's bank in order to pay down the principal of the bonds. The difference between the net book value of the property and the net proceeds from the sale was recorded as a loss on the disposal of fixed assets.

During the year ended December 31, 2023, the Association sold its Birmingham 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, 2025, there is \$200,000 recorded as prepaid rent, which is included within prepaid expenses and other assets on the consolidated balance sheet. Subsequent to year end, as described in Note 2, this location was closed.

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.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 5 - Long-term Debt (Continued)

The bond agreement was 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, at which point the full amount of the bonds could become due. 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.

While the bonds have a Mandatory Tender Date of June 1, 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 3.932 percent at December 31, 2025). As described in Note 4, property sale proceeds of approximately \$4,605,000 were used to pay down the bonds payable. Because the bonds were not subsequently reamortized, the existing payment schedule results in repayment prior to the June 1, 2032 maturity date.

Bonds payable at December 31, 2025 is \$4,185,348, which represents the outstanding principal due of \$4,292,043, net of unamortized debt issuance costs of \$106,695. Debt issuance costs are being amortized on a straight-line basis over the term of the bonds. Amortization expense was \$102,919 in 2025.

The debt is collateralized by accounts receivable; legally available investments; and substantially all land, buildings, and equipment of the Association.

Minimum principal payments on the bonds and notes payable to maturity as of December 31, 2025 are as follows:

Years Ending	Amount
2026	\$ 1,185,823
2027	1,185,823
2028	1,185,823
2029	734,574
Unamortized debt discount	(106,695)
Total	<u>\$ 4,185,348</u>

Interest expense for 2025 was \$412,142, which includes \$102,919 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 \$2,621 to \$11,674 are due monthly or quarterly through 2030. The right-of-use asset and related lease liability have been calculated using risk-free discount rates ranging from 1.29 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.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 6 - Leases (Continued)

Expenses recognized under these leases for the year ended December 31, 2025 are recognized on a straight-line basis and consist of the following:

Lease cost:	
Finance lease cost:	
Amortization of right-of-use assets	\$ 197,656
Interest on lease liabilities	29,344
Operating lease cost	<u>416,350</u>
Total lease cost	<u>\$ 643,350</u>
Other information:	
Weighted-average remaining lease term (months) - Finance leases	32.45
Weighted-average remaining lease term (months) - Operating leases	6.09
Weighted-average discount rate - Finance leases	3.0 %
Weighted-average discount rate - Operating leases	4.5 %

Future minimum rent on noncancelable leases as of December 31, 2025 for each of the next five years, and in the aggregate, is as follows:

Years Ending December 31	Operating Leases	Finance Leases	Total Payments
2026	\$ 212,598	\$ 211,702	\$ 424,300
2027	-	201,514	201,514
2028	-	150,574	150,574
2029	-	138,900	138,900
2030	-	10,486	10,486
Total	212,598	713,176	925,774
Less amount representing interest	<u>2,768</u>	<u>52,617</u>	<u>55,385</u>
Present value of net minimum lease payments	209,830	660,559	870,389
Less current obligations	<u>209,830</u>	<u>211,702</u>	<u>421,532</u>
Long-term obligations under leases	<u>\$ -</u>	<u>\$ 448,857</u>	<u>\$ 448,857</u>

Note 7 - Donor-restricted Net Assets

Net assets with donor restrictions as of December 31, 2025 are available for the following purposes:

Subject to expenditures for a specified purpose and the passage of time	\$ 5,483,620
Subject to the passage of time - Life Income Fund	237,029
Subject to the Association's spending policy and appropriation (Note 11)	<u>3,528,465</u>
Total	<u>\$ 9,249,114</u>

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.

Notes to Consolidated Financial Statements

December 31, 2025

Note 7 - Donor-restricted Net Assets (Continued)

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 \$2,423,208 at December 31, 2025. 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, 2025, the Community Foundation distributed \$94,029 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 \$699,000.

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.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 10 - Fair Value Measurements (Continued)

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.

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, 2025 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, 2025			
	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, 2025
Assets				
Investments:				
Index funds	\$ 5,097,090	\$ -	\$ -	\$ 5,097,090
Mutual funds	1,327,708	-	-	1,327,708
Fixed income and preferred stocks	-	1,101,939	-	1,101,939
Total	<u>\$ 6,424,798</u>	<u>\$ 1,101,939</u>	<u>\$ -</u>	<u>7,526,737</u>
Investments measured at net asset value - Alternative investment				<u>402,643</u>
Total assets				<u>\$ 7,929,380</u>

The fair value of fixed income and preferred stocks at December 31, 2025 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 in the JLL Income Property Trust (the "Trust").

Notes to Consolidated Financial Statements

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Note 10 - Fair Value Measurements (Continued)

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, 2025, 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, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 4,289,289	\$ -	\$ 4,289,289
Donor-restricted endowment funds - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	3,528,465	3,528,465
Total	\$ 4,289,289	\$ 3,528,465	\$ 7,817,754

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

Notes to Consolidated Financial Statements

December 31, 2025

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

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 4,272,370	\$ 3,496,998	\$ 7,769,368
Investment return:			
Investment income	278,376	-	278,376
Net appreciation (realized and unrealized)	612,952	-	612,952
Total investment return	891,328	-	891,328
Contributions	163,393	31,467	194,860
Appropriation of endowment assets for expenditure	(1,037,802)	-	(1,037,802)
Endowment net assets - End of year	<u>\$ 4,289,289</u>	<u>\$ 3,528,465</u>	<u>\$ 7,817,754</u>

Underwater Endowment Funds

As of December 31, 2025, 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, 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 2025.

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

Notes to Consolidated Financial Statements

December 31, 2025

Note 12 - Liquidity and Availability of Financial Resources

The following reflects the Association's financial assets as of December 31, 2025, 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	\$ 14,620,502
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor-restrictions	3,528,465
Investments held in annuity trust	237,029
Board-designated endowment - Endowment fund - Primarily for long-term investing	<u>3,289,289</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,565,719</u>

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's endowment consists of a board-designated endowment of \$4,289,289 at December 31, 2025, 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 \$1,000,000 of the board-designated endowment for general expenditures in 2026.