



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

ANNUAL REPORT  
December 31, 2023 and 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of Young Men's Christian Association of Greater Michiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Greater Michiana, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Greater Michiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Young Men's Christian Association of Greater Michiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Young Men's Christian Association of Greater Michiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive style.

Certified Public Accountants

St. Joseph, Michigan  
April 19, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 451,468	\$ 1,412,697
Investments	2,327,021	1,504,771
Accounts receivable, net	154,638	165,877
Grants receivable	225,454	82,283
Pledges receivable, current	579,601	175,553
Prepaid expenses	-	28,993
Inventory	31,774	24,467
Total current assets	\$ 3,769,956	\$ 3,394,641
 <b>PROPERTY AND EQUIPMENT, NET</b>	 \$ 17,166,696	 \$ 17,629,909
 <b>OTHER ASSETS</b>		
Pledges receivable, less current portion	\$ 442,047	\$ -
Deferred financing costs (net of accumulated amortization of \$60,281 and \$53,123 in 2023 and 2022, respectively)	-	7,158
Beneficial interest in assets held at Community Foundations	1,193,631	1,082,861
Total other assets	\$ 1,635,678	\$ 1,090,019
<b>TOTAL ASSETS</b>	<b>\$ 22,572,330</b>	<b>\$ 22,114,569</b>
 <b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 153,089	\$ 148,939
Accounts payable	52,950	34,929
Accrued payroll and payroll taxes	333,403	324,796
Deferred revenue	341,581	1,253,837
Total current liabilities	\$ 881,023	\$ 1,762,501
<b>LONG-TERM DEBT</b>	4,529,356	4,682,458
<b>TOTAL LIABILITIES</b>	<b>\$ 5,410,379</b>	<b>\$ 6,444,959</b>
 <b>NET ASSETS</b>		
Without donor restrictions	\$ 15,828,024	\$ 12,287,314
With donor restrictions	1,333,927	3,382,296
<b>TOTAL NET ASSETS</b>	<b>\$ 17,161,951</b>	<b>\$ 15,669,610</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,572,330</b>	<b>\$ 22,114,569</b>

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023

		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Membership		\$ 3,058,536	\$ -	\$ 3,058,536
Programs and service fees	\$ 5,621,844			
Less: scholarships and discounts	<u>(241,206)</u>			
Net revenues from programs and service fees		5,380,638	-	5,380,638
Sales of merchandise	\$ 166,353			
Less: cost of sales	<u>(106,736)</u>			
Net revenue from sales of merchandise		59,617	-	59,617
Rent		202,613	-	202,613
Contributions of financial assets		2,431,416	1,333,927	3,765,343
Miscellaneous		129,606	-	129,606
Investment income		68,904	-	68,904
Change in beneficial interest		110,770	-	110,770
Special event revenue	\$ 310,929			
Less: costs of direct benefits to donors	<u>(59,004)</u>			
Net revenues from special events		251,925	-	251,925
Net assets released from restrictions				
Satisfaction of restrictions		<u>3,382,296</u>	<u>(3,382,296)</u>	<u>-</u>
 Total Public Support and Revenue		 <u>\$15,076,321</u>	 <u>\$ (2,048,369)</u>	 <u>\$13,027,952</u>
<b>EXPENSES</b>				
Program		\$ 9,277,223	\$ -	\$ 9,277,223
Management and general		2,048,235	-	2,048,235
Fundraising		210,153	-	210,153
Total Expenses		<u>\$11,535,611</u>	<u>\$ -</u>	<u>\$11,535,611</u>
 <b>CHANGE IN NET ASSETS</b>		 \$ 3,540,710	 \$ (2,048,369)	 \$ 1,492,341
<b>NET ASSETS AT BEGINNING OF YEAR</b>		<u>12,287,314</u>	<u>3,382,296</u>	<u>15,669,610</u>
<b>NET ASSETS AT END OF YEAR</b>		<u>\$15,828,024</u>	<u>\$ 1,333,927</u>	<u>\$17,161,951</u>

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Membership	\$ 2,754,929	\$ -	\$ 2,754,929
Programs and service fees	\$ 5,118,878		
Less: scholarships and discounts	<u>(222,480)</u>		
Net revenues from programs and service fees	4,896,398	-	4,896,398
Sales of merchandise	\$ 257,027		
Less: cost of sales	<u>(114,975)</u>		
Net revenue from sales of merchandise	142,052	-	142,052
Rent	200,478	-	200,478
Contributions of financial assets	1,415,039	198,157	1,613,196
Miscellaneous	285,919	-	285,919
Loss on sale of assets	(256,716)	-	(256,716)
Investment income	6,328	-	6,328
Change in beneficial interest	(245,186)	-	(245,186)
Special event revenue	\$ 350,496		
Less: costs of direct benefits to donors	<u>(66,709)</u>		
Net revenues from special events	<u>283,787</u>	<u>-</u>	<u>283,787</u>
 Total Public Support and Revenue	 <u>\$ 9,483,028</u>	 <u>\$ 198,157</u>	 <u>\$ 9,681,185</u>
<b>EXPENSES</b>			
Program	\$ 8,156,038	\$ -	\$ 8,156,038
Management and general	1,885,013	-	1,885,013
Fundraising	242,993	-	242,993
Total Expenses	<u>\$10,284,044</u>	<u>\$ -</u>	<u>\$10,284,044</u>
 <b>CHANGE IN NET ASSETS</b>	 \$ (801,016)	 \$ 198,157	 \$ (602,859)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>13,088,330</u>	<u>3,184,139</u>	<u>16,272,469</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$12,287,314</u>	<u>\$ 3,382,296</u>	<u>\$15,669,610</u>

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023

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

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



YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Wages	\$ 4,563,553	\$ 874,617	\$ 88,892	\$ 5,527,062
Employee benefits	391,231	97,319	489	489,039
Payroll taxes	329,083	63,070	6,410	398,563
Contractual services	22,060	175,563	198	197,821
Supplies	884,800	131,194	1,017	1,017,011
Telephone	122,981	16,963	1,414	141,358
Postage and shipping	3,256	486	-	3,742
Occupancy	372,377	53,503	2,140	428,020
Insurance	172,864	25,632	199	198,695
Repairs and maintenance	146,927	21,955	-	168,882
Travel and employee expense	66,959	6,157	3,848	76,964
Dues	142,324	-	-	142,324
Depreciation	911,201	136,157	-	1,047,358
Equipment rental	254	38	-	292
Advertising	-	-	138,386	138,386
Training	7,815	1,168	-	8,983
Miscellaneous	18,353	122,825	-	141,178
Interest expense	-	158,366	-	158,366
Event expense	-	-	66,709	66,709
Total Expense	<u>\$ 8,156,038</u>	<u>\$ 1,885,013</u>	<u>\$ 309,702</u>	<u>\$ 10,350,753</u>
Less: Event expense netted with revenues	-	-	(66,709)	(66,709)
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 8,156,038</u></u>	<u><u>\$ 1,885,013</u></u>	<u><u>\$ 242,993</u></u>	<u><u>\$ 10,284,044</u></u>

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,492,341	\$ (602,859)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,009,693	1,047,358
Amortization	7,158	7,441
Unrealized (gain)/loss	(581,408)	760
Change in beneficial interest in assets held at community foundations	(110,770)	245,186
Loss on sale of fixed asset	-	256,716
Change in discount on pledges	32,230	-
Changes in operating assets and liabilities:		
Accounts receivable, net	11,239	830,486
Grants receivable	(143,171)	74,625
Pledges receivable	(53,816)	(9,211)
Prepaid expenses	28,993	(8,555)
Inventory	(7,307)	-
Security deposits	-	13,916
Accounts payable - trade	18,021	(9,144)
Accrued payroll and payroll taxes	8,607	55,018
Deferred revenue	(912,256)	972,391
Contributions restricted for long-term purposes	(1,489,278)	-
Net Cash Flows from (used in) Operating Activities	\$ (689,724)	\$ 2,874,128
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	\$ (2,000,040)	\$ (1,500,000)
Sale of investments	1,759,198	-
Proceeds from sale of fixed asset	-	575,000
Purchase of fixed assets	(546,480)	(958,932)
Net Cash Flows used in Investing Activities	\$ (787,322)	\$ (1,883,932)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for long-term purposes	\$ 664,769	\$ -
Payments on long-term debt	(148,952)	(144,556)
Net Cash Flows used in Financing Activities	\$ 515,817	\$ (144,556)
<b>CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS</b>		
	\$ (961,229)	\$ 845,640
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,412,697	567,057
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 451,468	\$ 1,412,697
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOWS</b>		
Interest Paid	\$ 142,901	\$ 158,366

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

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NATURE OF BUSINESS**

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

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United State of America (“GAAP”) on the accrual basis of accounting.

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

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

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

**FAIR VALUE MEASUREMENTS**

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the *Fair Value Measurements and Disclosures* Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YOUNG MEN’S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2023 and 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**CASH AND CASH EQUIVALENTS**

For purposes of the Statements of Cash Flows, the Association considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at Honor Credit Union and is insured up to the \$250,000 limit of the National Credit Union Share Insurance Fund (“NCUSIF”) which is administered by the National Credit Union Administration (“NCUA”). The Association has not experienced any losses in such accounts.

**REVENUE RECOGNITION**

*Membership and program service fees*

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

*Sales of merchandise*

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

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

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

	<u>2023</u>	<u>2022</u>
Contract revenue recognized at a point in time:		
Net revenues from sales of merchandise	\$ 59,617	\$ 142,052
Rent	202,613	200,478
Total	<u>\$ 262,230</u>	<u>\$ 342,530</u>
Contract revenue recognized over time:		
Membership income	\$ 3,058,536	\$ 2,754,929
Net revenues from programs and service fees	5,380,638	4,896,398
Total	<u>\$ 8,439,174</u>	<u>\$ 7,651,327</u>
Total revenue	<u>\$ 8,701,404</u>	<u>\$ 7,993,857</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2023 and 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**REVENUE RECOGNITION, CONCLUDED**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable is presented net of the allowance for credit losses (doubtful accounts). Management considers historical and forward-looking factors in its determination of the allowance including historical and anticipated customer performance, an aged analysis of receivables, current economic conditions and reasonable and supportable forecasts of future events and economic conditions. Management reviews any receivable still outstanding at six months to be past due. Interest is not normally charged on past due accounts. Customer accounts receivable as of January 1, 2022 was \$133,379.

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

**CONTRIBUTIONS OF FINANCIAL ASSETS**

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

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

**CONTRIBUTIONS OF NONFINANCIAL ASSETS**

In order to recognize donated services as contributions in financial statements, the services must require special skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. The Association has a number of unpaid volunteers that have made significant contributions of their time to the Association's various programs. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under ASC 958-605.

**PLEDGES RECEIVABLE**

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

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**PLEDGES RECEIVABLE, CONCLUDED**

The Association uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific pledges made. There is no allowance for uncollectible pledges estimated at December 31, 2023 and 2022 as management believes all pledges will be collected.

**INVENTORY**

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

**INVESTMENTS**

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

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

**PROPERTY AND EQUIPMENT**

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Association did not receive any donated assets for the years ended December 31, 2023 and 2022.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. The Association's fixed asset capitalization policy is to capitalize long-lived assets with a cost greater than \$1,000. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$1,009,693 and \$1,047,358 for the years ended December 31, 2023 and 2022, respectively.

YOUNG MEN’S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2023 and 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**PROPERTY AND EQUIPMENT, CONCLUDED**

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

Buildings and building improvements	15 - 40 years
Furniture and equipment	3 - 15 years
Land improvement	15 years

**DEFERRED FINANCING COSTS**

Deferred financing costs consist of fees and expenses paid in connection with the issuance of the debt. These costs are being amortized on a straight-line basis over the term of the debt. Amortization expense was \$7,158 and \$7,441 for the years ended December 31, 2023 and 2022, respectively.

**ADVERTISING COSTS**

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs for the years ended December 31, 2023 and 2022 were \$86,184 and \$138,386, respectively.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited. These costs have been allocated based on time and effort, estimated actual usage, or other reasonable basis.

Significant expenses that have been allocated include the following:

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

All other expenses are presented based on estimated actual usage.

**INCOME TAXES**

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**

**INCOME TAXES, CONCLUDED**

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

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

**LEASES**

The Association accounts for leases in accordance with ASU No. 2016-02, *Leases* (Topic 842). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the Association obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Association recognizes a lease liability and right of use ("ROU") asset at the commencement date of the lease. The Association was not a lessee in any leasing agreements as of December 31, 2023 and 2022.

**CHANGE IN ACCOUNTING PRINCIPLE**

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13 "*Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*" (Topic 326), which amends certain provisions of ASC 326, "Financial Instruments-Credit Loss. The ASU changes the impairment model for most financial assets, including trade accounts receivable. Entities will be required to use a new forward-looking "current expected credit loss" model that generally will result in the earlier recognition of allowances for losses. The Association adopted ASU 2016-13, with a date of initial application of January 1, 2023, by applying the modified retrospective transition approach. No cumulative effect adjustment to net assets as of January 1, 2023 was necessary. Adoption of ASU 2016-13 did not have a material impact on the financial statements for the year ended December 31, 2023.



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**NOTE 2 – LIQUIDITY AND AVAILABILITY**

As of December 31, the Association has working capital and average days cash on hand of:

	<b>2023</b>	<b>2022</b>
Working capital	\$ 2,888,933	\$ 1,632,140
Average days' cash on hand	15	55

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

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 451,468	\$ 1,412,697
Accounts receivable, net	154,638	165,877
Grants receivable	225,454	82,283
Investments	993,094	1,504,771
Assets limited to use:		
Investments - restricted	1,333,927	-
Donor restricted pledges	1,021,648	175,553
Financial assets available to meet general expenditures within one year	<b>\$ 4,180,229</b>	<b>\$ 3,341,181</b>
Less: Amounts possibly not available to be used within one year:		
Pledges receivable	(442,047)	-
Financial assets available to meet general expenditures within one year	<b>\$ 3,738,182</b>	<b>\$ 3,341,181</b>

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

**NOTE 3 – PLEDGES RECEIVABLE**

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

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**NOTE 3 – PLEDGES RECEIVABLE, CONCLUDED**

The unconditional promises to give consisted of the following as of December 31, 2023:

Receivable in less than one year	\$	579,601
Receivable in one to five years		474,277
Total unconditional promises to give	\$	1,053,878
Less: discounts to present value		(32,230)
Net unconditional promises to give	\$	1,021,648
Less current portion of pledges receivable		(579,601)
Long-term portion of pledges receivable	\$	442,047

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

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

The Association uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 4 – FAIR VALUE MEASUREMENTS, CONTINUED**

The Association utilized the market approach to approximate its value of Level 3 investments held by the Community Foundations. Given a pool of assets whose total is known, the Association can approximate its share of the total pooled investment using rates of return applied to known contribution amounts. The Association used fund statements provided by the Community Foundations that include detail of contributions and withdrawals to adjust the fair value of its assets. The Association is familiar with the Community Foundations and their investment bases which include a variety of investments including domestic (small and large cap) and global equities, fixed income securities, hedge funds, and other investments. The investments are classified as Level 3 since the fund agreement provides for the irrevocable transfer of assets to the Community Foundations.

The following table summarizes the valuation of the Association’s financial assets by the above categories as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
Certificates of deposit	\$ -	\$ 1,750,000	\$ -	\$ 1,750,000
Money markets	577,021	-	-	577,021
Beneficial interest in assets held by Community Foundation	-	-	1,193,631	1,193,631
	<u>\$ 577,021</u>	<u>\$ 1,750,000</u>	<u>\$ 1,193,631</u>	<u>\$ 3,520,652</u>

The following table summarizes the valuation of the Association’s financial assets by the above categories as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments				
Certificates of deposit	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Equity securities	1,054	-	-	1,054
Mutual funds	3,717	-	-	3,717
Beneficial interest in assets held by Community Foundation	-	-	1,082,861	1,082,861
	<u>\$ 4,771</u>	<u>\$ -</u>	<u>\$ 1,082,861</u>	<u>\$ 2,587,632</u>

See Note 7 for reconciliation of level 3 investments.

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 4 – FAIR VALUE MEASUREMENTS, CONCLUDED**

Investment income for the years ended December 31:

	2023	2022
Interest and dividends	\$ 67,678	\$ 190
Realized gains	6,335	8,014
Unrealized gains (losses)	(14)	2,240
Investment management fees	(5,095)	(4,116)
	<u>\$ 68,904</u>	<u>\$ 6,328</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

The cost of property and equipment and related accumulated depreciation are as follows at December 31:

	2023	2022
Land	\$ 1,382,473	\$ 1,382,473
Land improvements	324,390	197,747
Building	27,286,590	27,281,645
Building improvements	4,009,084	3,786,744
Equipment	4,082,700	3,922,188
Construction-in-progress	201,460	169,422
Subtotal	<u>\$ 37,286,697</u>	<u>\$ 36,740,219</u>
Less: accumulated depreciation	(20,120,001)	(19,110,310)
Total Property and Equipment	<u>\$ 17,166,696</u>	<u>\$ 17,629,909</u>

**NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION**

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION**

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

In addition, the Association is the beneficiary of a perpetual trust administered by a financial institution for the maintenance and improvement of a facility at Camp Eberhart. The trust was created by a donor who granted variance power to the trustee. The Association has no control over the investments of the trust and therefore does not recognize its interest as an asset. The value of the trust was \$187,086 and \$175,975 at December 31, 2023 and 2022, respectively. The distribution received from the fund during the years ended December 31, 2023 and 2022 was \$13,916 and \$15,346, respectively.

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION, CONCLUDED**

The following is a summary of the non-direct and direct donor funds held at December 31, 2022:

Fund Name	Direct association funds	Direct donor funds	Total funds
Michigan Gateway			
NB Agency Endowment	\$ 189,936	\$ -	\$ 189,936
Tim Tyler Memorial Agency	33,002	-	33,002
YMCA 3rd Party Endowment	-	195,255	195,255
Cole Scholarship	-	70,918	70,918
Capital Endowment	-	150,300	150,300
Tim Tyler Memorial	-	21,030	21,030
DLYC Scholarship	-	50,912	50,912
Marcellus YMCA	-	10,993	10,993
Berrien Community Foundation			
Benton Harbor-St. Joseph YMCA Endowment	-	15,160	15,160
Benton Harbor-St. Joseph YMCA - Agency	203,008	-	203,008
YMCA SWMI Camp School Endowment	26,391	-	26,391
Community Foundation of St. Joseph County			
YMCA Camp Eberhart Fund	29,877	268,890	298,767
YMCA Camp Eberhart Facilities Fund	-	245,258	245,258
YMCA Charles Martin Fund	1,850	24,584	26,434
Peter Kreig Memorial Fund for Camp Eberhart	99,491	-	99,491
YMCA fund	170,992	92,073	263,065
YMCA of Michiana, Inc. - South Bend Tribune Fund	328,314	-	328,314
YMCA Mary Morris Leighton Lodge at Camp Eberhart	-	155,306	155,306
<b>Total</b>	<b>\$ 1,082,861</b>	<b>\$ 1,300,679</b>	<b>\$ 2,383,540</b>

**NOTE 7 – ENDOWMENTS**

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**NOTE 7 – ENDOWMENTS, CONCLUDED**

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

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

The Association has implemented an investment strategy for its endowment assets. Endowments are held at the Community Foundation which has primary responsibility over the investment philosophy utilized. The Community Foundation's December 31, 2023 and 2022 asset allocation philosophy includes the following asset classes: domestic (small and large cap) and global equities, fixed income securities, hedge funds and other investments as defined.

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

	<u>Michigan Gateway</u>	<u>Berrien Community Foundation</u>	<u>Community Foundation of St. Joseph County</u>	<u>Total Without Donor Restrictions</u>
Beginning balance	\$ 222,938	\$ 229,399	\$ 630,524	\$ 1,082,861
Change in beneficial interest	42,702	19,405	48,663	110,770
Ending balance	<u>\$ 265,640</u>	<u>\$ 248,804</u>	<u>\$ 679,187</u>	<u>\$ 1,193,631</u>

The following table summarizes the activity in the funds during the year ended December 31, 2022:

	<u>Michigan Gateway</u>	<u>Berrien Community Foundation</u>	<u>Community Foundation of St. Joseph County</u>	<u>Total Without Donor Restrictions</u>
Beginning balance	\$ 274,932	\$ 281,499	\$ 771,616	\$ 1,328,047
Change in beneficial interest	(51,994)	(52,100)	(141,092)	(245,186)
Ending balance	<u>\$ 222,938</u>	<u>\$ 229,399</u>	<u>\$ 630,524</u>	<u>\$ 1,082,861</u>

**NOTE 8 – LINE OF CREDIT**

The Association maintains a \$1,000,000 revolving line of credit with Honor Credit Union. Interest is charged at a variable rate of 7.00%. The line of credit is secured by the Association's properties. The Association did not have any outstanding borrowings on the line of credit at December 31, 2023 or 2022.

YOUNG MEN’S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
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**NOTE 9 – LONG-TERM DEBT**

The following summarizes outstanding long-term debt as of December 31:

	2023	2022
Promissory note payable to Honor Credit Union, requiring monthly payments at a rate of 3.00% through Nov. 25, 2030. The note is collateralized by real property located in Berrien County, Michigan. Any remaining balance on the note is due and payable in full on the loan due date of Nov. 25, 2030. The Association has met all required covenants.	\$ 4,682,445	\$ 4,831,397
Total long-term debt	\$ 4,682,445	\$ 4,831,397
Less current portion	(153,089)	(148,939)
Long-term debt	\$ 4,529,356	\$ 4,682,458

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

2025	\$ 158,137
2026	162,947
2027	167,903
2028	173,010
Thereafter	3,867,359
	\$ 4,529,356

**NOTE 10 – RETIREMENT PLAN**

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

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

In accordance with the agreement with the YMCA Retirement Fund, the Association and employee contributions are a percentage of the participating employees’ salaries, paid for by the Association, and are remitted to the YMCA Retirement Fund monthly. The Association contributions charged to retirement expense was \$301,586 and \$233,852 for the years ended December 31, 2023 and 2022, respectively.



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

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**NOTE 11 – CONCENTRATIONS**

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

**NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
BHSJ Capital Campaign Projects	\$ 409,934	\$ 436,666
BHSJ Capital Campaign - GSRP wall/classroom	10,000	-
NB Capital Campaign	-	2,039,930
Camp Eberhart - Dave's House	253,837	248,287
Camp Eberhart - Leighton Lodge	7,699	-
Camp Eberhart - Morris Lodge	9,398	588
Camp Eberhart - Fireworks	3,604	11,604
Mariners Swim Team	1,559	-
LIVESTRONG program at NB/BHSJ	2,273	15,430
LIVESTRONG program at O'Brien	10,100	11,155
Michiana Swims	10,000	-
O'Brien Capital Projects	75,187	74,451
O'Brien Edison Lakes	529,410	529,410
South Bend Tribune Corporate Wellness	10,926	14,775
Total	<u>\$ 1,333,927</u>	<u>\$ 3,382,296</u>

**NOTE 13 – LEASES**

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

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The Association utilizes the legal services of Kotz Sangster law firm. A board member of the Association’s Board of Directors is an attorney at Kotz Sangster law firm. The Association incurred legal costs of \$41,464 and \$40,885 for the years ended December 31, 2023 and 2022, respectively. The Board’s Executive Committee reviews and approves all expenditures prior to them being paid by management.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MICHIANA, INC.  
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**NOTE 15 – SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through April 19, 2024, the date the financial statements were available to be issued. No events or transactions occurred during this period which requires recognition or disclosure in the financial statements.