YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION

Port Huron, Michigan

CONSOLIDATED FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
DECEMBER 31, 2022

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association
of the Blue Water Area
Port Huron, Michigan

Opinion

We have audited the accompanying consolidated financial statements of the Young Men's Christian Association of the Blue Water Area and Supporting Organization (the "Association") which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of the Blue Water Area as of December 31, 2022 and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 misstatements, 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 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 consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgement 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 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 financial statements.

- Conclude whether, in our judgement, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements and schedule of transportation expenses, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements; certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves; and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information Included in the Report

Management is responsible for the other information included in the report. The other information comprises mileage data, but it does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

UHY. LLP.

UHY LLP
Port Huron, Michigan
June 26, 2023

BASIC FINANCIAL STATEMENTS

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets:		
Cash and cash equivalents	$	2,058,074
Receivables (net of allowance) -		
Memberships		58,100
Grants		81,884
Other		19,952
Inventory		901
Prepaid expenses		144,644
Cash surrender value of life insurance		163,328
Beneficial interest in assets held by others		330,684
Land, buildings, and equipment, net		3,265,831
Total Assets	$	6,123,398
Liabilities:		
Accounts payable	$	74,879
Accrued salaries and fringes		46,382
Unearned revenue		135,908
Accrued interest		5,142
Notes payable		1,171,764
Accrued vacation and sick		36,393
Total Liabilities		1,470,468
Net Assets:		
With Donor Restrictions		526,355
Without Donor Restrictions		4,126,575
Total Net Assets		4,652,930
Total Liabilities and Net Assets	$	6,123,398

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Assets without Donor Restrictions:		
Revenues and Other Support:		
Contributions of cash and other financial resources	$	173,311
Membership and guest fees		1,236,985
Childcare fees		1,256,421
Other program service fees		319,874
Grants and fees		943,834
Merchandise sales		7,742
Rental income		34,784
Fundraising events		126,856
Other		7,031
Total Revenues and Other Support		4,106,838
Expenses:		
Program services -		
Youth Development		1,536,967
Healthy Living		1,240,186
Social Responsibility		10,062
Supporting services -		
Management and general		586,049
Fundraising		57,351
Total Expenses		3,430,615
Change in Net Assets without Donor Restrictions from Operations:		676,223
Non-Operating Activities:		
Investment income (loss), net of expenses	(	45,115)
Forgiveness of PPP Loan and interest		422,546
Total Non-Operating Activities		377,431
Change in Net Assets without Donor Restrictions		1,053,654
Net Assets without Donor Restrictions at beginning of year		3,072,921
Net Assets without Donor Restrictions at end of year		4,126,575
Net Assets with Donor Restrictions:		
Contributions		102,667
Change in value of beneficial interest in assets held by others	(	74,790)
Total Change in Net Assets without Donor Restrictions		27,877
Net Assets with Donor Restrictions at beginning of year		498,478
Net Assets with Donor Restrictions at end of year		526,355
Total Net Assets at the End of the Year	$	4,652,930

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			
	Youth Development	Healthy Living	Social Responsibility	Total
Salaries	$ 951,795	$ 555,736	$ 3,259	$ 1,510,790
Payroll taxes & benefits	168,667	85,192	668	254,527
	1,120,462	640,928	3,927	1,765,317
Supplies	118,272	132,766	3,976	255,014
Postage	-	-	33	33
Professional fees	-	-	-	-
Contracted services	49,539	49,829	2,040	101,408
IT Services	-	-	-	-
Utilities	95,456	190,400	-	285,856
Insurance	15,855	30,490	-	46,345
Rent	10,276	10,338	-	20,614
Equipment rent	-	-	-	-
Equipment maintenance	-	3,983	-	3,983
Building maintenance	178	343	-	521
Advertising	-	5,949	-	5,949
Travel/mileage reimbursement	12,881	1,290	86	14,257
Conferences and training	9,363	1,555	-	10,918
Interest and fees	43,095	82,873	-	125,968
National Dues	-	-	-	-
Miscellaneous	2,733	2,897	-	5,630
Depreciation	58,857	86,545	-	145,402
Bad Debt (Allowance)	-	-	-	-
	416,505	599,258	6,135	1,021,898
Total Expenses	$ 1,536,967	$ 1,240,186	$ 10,062	$ 2,787,215

The accompanying notes are an integral part of these financial statements.

Supporting Services			Total Program and Supporting Services
Management and General	Fundraising	Total	
$ 229,513	$ 17,592	$ 247,105	$ 1,757,895
52,363	5,293	57,656	312,183
281,876	22,885	304,761	2,070,078
34,296	10,969	45,265	300,279
641	-	641	674
29,125	-	29,125	29,125
57,971	22,972	80,943	182,351
12,506	-	12,506	12,506
4,566	-	4,566	290,422
5,454	-	5,454	51,799
257	-	257	20,871
6,368	-	6,368	6,368
5,034	-	5,034	9,017
9	-	9	530
25,632	-	25,632	31,581
181	371	552	14,809
2,931	-	2,931	13,849
63,360	-	63,360	189,328
48,013	-	48,013	48,013
2,176	154	2,330	7,960
2,153	-	2,153	147,555
3,500	-	3,500	3,500
304,173	34,466	338,639	1,360,537
$ 586,049	$ 57,351	$ 643,400	$ 3,430,615

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:		
Change in net assets	$	704,100
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Interest on PPP loan		4,546
Deferred loan charges		32,679
Depreciation		147,555
Decrease in cash surrender value of life insurance		53,232
Decrease of value on beneficial interest in assets held by others		74,790
Increase in allowance for doubtful accounts		3,500
Changes in assets and liabilities -		
Accounts receivable		385,609
Inventory		94
Prepaid expenses	(	117,931)
Accounts payable		41,113
Accrued salaries and fringes		19,380
Accrued interest payable	(	7,687)
Unearned revenue		368
Net Cash Provided by Operating Activities		1,341,348
Cash Flows From Investing Activities:		
Investment loss	(	45,115)
Acquisition of capital assets	(	179,260)
Net Cash Used from Investing Activities	(	224,375)
Cash Flows From Financing Activities:		
SBA loan proceeds		875,000
Principal payments on notes/loans	(	819,365)
Net Cash Provided by Financing Activities		55,635
Net Increase in Cash and Cash Equivalents		1,172,608
Cash and Cash Equivalents at beginning of year		885,466
Cash and Cash Equivalents at end of year	$	2,058,074
Supplementary Information for Statement of Cash Flows:		
Interest paid	$	88,936
Non-cash Financing Activity:		
Forgiveness of PPP Loan and interest	$	422,546

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Association -

The Young Men's Christian Association of the Blue Water Area's (the "YMCA") mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all. The YMCA is a powerful 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 (Youth Development), improving the Blue Water Area's health and well-being (Healthy Living), and providing opportunities to give back and support neighbors (Social Responsibility), the YMCA enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

The Blue Water YMCA Foundation (the "Foundation") was organized in 2014 as a nonprofit organization under 501(c)(3) to serve as a supporting organization to the YMCA. The Board of Directors of the Foundation must consist of no less than three trustees, and at all times a majority of the trustees must be appointed by the governing Board of the YMCA.

The consolidated financial statements report all activities of the Young Men's Christian Association of the Blue Water Area and the Blue Water YMCA Foundation (collectively the "Association"), where any inter-company transactions are eliminated.

The Association operates the following major programs:

Youth Development - The Association is committed to nurturing the potential of every child and teen. The Association believes that all children deserve the opportunity to discover who they are and what they can achieve. That is why the Association helps young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. The Association's programs, such as Warm World Child Care, Prime Time Afterschool CATCH Kids Clubs, camps, youth sports, and swim lessons, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The Association is a leading voice on health and well-being. The Association brings families closer together, encourages good health, and fosters connections through fitness, sports, fun, and shared interests. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with a work/life balance, and individuals search for personal fulfillment. Examples of healthy living programs include group exercise classes for all ages and abilities, diabetes prevention and other chronic disease prevention programs, sports and recreation, personal training, walking and running groups, and support for cancer patients.

Social Responsibility - The Association believes in giving back and supporting its neighbors. The Association has been listening and responding to its community's most critical social needs. The Association's programs, such as Healthy Kids Day, free activities that bring families together, free Safety Around Water classes for drowning prevention, Walk for Summer Reading, and Fun Fitness, are examples of how the Association delivers training, resources, and support that empower its neighbors to effect change, bridge gaps, and overcome obstacles. The Association engages its members, participants, and volunteers in activities that strengthen its community and pave the way for future generations to thrive.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

As part of the Association's mission, their programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. The Association provides financial assistance to people who otherwise may not have been able to afford to participate.

Summary of Significant Accounting Policies -

The Association's accounting policies are in accordance with accounting principles generally accepted in the United States of America. The following is a summary of policies which are considered significant to the Association.

BASIS OF ACCOUNTING - The consolidated financial statements of the Association are reported on the accrual basis of accounting.

BASIS OF PRESENTATION - The consolidated financial statements presentation follows the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Association. These net assets may be used at the discretion of management.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donors. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

CASH AND CASH EQUIVALENTS - Cash equivalents represent highly liquid investments with a maturity of three months or less from the date of purchase.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Accounts receivable from program service fees are stated at the amount the Association expects to collect from outstanding balances. The Association provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and historical experience. Balances that are still outstanding after the Association has used reasonable collection efforts are written off. The allowance for doubtful accounts was $6,500 as of December 31, 2022.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

INVENTORY - Inventory consists of supplies which are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

PREPAID EXPENSES - Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items.

LAND, BUILDING, AND EQUIPMENT - Property and equipment are carried at cost at the date of purchase or fair value at date of donation. Property and equipment are defined by the Association as assets with an individual cost greater than $2,500 and an estimated life greater than one year. Major additions are charged to the property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the asset.

The estimated useful lives of the assets are as follows:

Building and building improvements	5 - 40 years
Furniture, equipment, and vehicles	3 - 10 years

LIFE INSURANCE CASH SURRENDER VALUE - The Association is the owner and beneficiary of two separate life insurance policies with an aggregate face value of $500,000. The annual premiums are paid with contributions received from the individuals insured by the policies or by the policies' equity. The cash surrender value of these policies was recorded as revenue and an asset when donated. Annual increases or decreases in the cash surrender value of the policies are recorded as revenue (or reduction of revenue) in the year incurred.

PUBLIC SUPPORT

Contributions - The Association receives contributions to support operating activities and capital projects. These contributions can be from individuals, corporations, or trusts. The Association records contributions receivable, net of allowance for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts with a measurable performance or other barrier and right to return are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Multi-year pledges that are expected to be collected after one year are discounted using a risk adjusted discount rate.

Governmental/Nonprofit Grants - The Association receives grants and contract funding from governmental (Federal and State agencies) and nonprofit organizations to provide a variety of program services to the public based on specific requirements, including eligibility, procurement, reimbursement, and other requirements. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the grantor agencies and are, therefore, accounted for as conditional contributions. Receivables are recognized for any unreimbursed grant expenses and deferred revenues for any advances received before conditions have been met.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

REVENUE RECOGNITION - The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions, including membership, program fees, licensed childcare fees, and government grants. Because the Association's performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in FASB 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract or no significant financing components. The following are the Association's major revenues streams:

Membership Dues - Most membership dues are typically paid on a monthly basis; however, some memberships are paid on a quarterly or annual basis. Once a year on April 1, a capital improvement fee is charged to each member. If someone joins later in the year, the capital improvement fee is prorated. Monthly memberships are recognized on the 1st of the month for that month, and all longer-term memberships are prorated using the straight-line method over the period of the membership. The capital improvement fee is recognized at the time of payment. Memberships can be cancelled by providing notices by the 25th of the month for the subsequent month.

Program Fees - The Association offers a variety of programs, including day camps, fitness programs, aquatics, health and wellness, etc., some of which are provided to members free of charge and other programs in addition to the membership dues. Many of the programs are available to the public without memberships. Most program fees are for programs of less than two months and are typically paid in advance at the time of registrations. Cancellation provisions vary by program, but most transactions are cancellable with 15-30 days' notice. Generally, all fees are recognized on the first day of the program.

Licensed Child Care Fees - Licensed Child Care services are available to both members and nonmembers. Childcare services, including preschool, are registered for the school years. Payments are made in advance, at a minimum, on a weekly basis. Revenues are recognized for each week on Monday of that week. Refunds are available for fees paid more than a week in advance under certain conditions.

Governmental Contract Revenues - The Association periodically contracts with local governmental units to provide various program services to the unit's employees and/or clients. Such contracts are recorded as performance obligations are satisfied, which is generally when the related expenditures are incurred over the period services are provided.

All membership dues, program fees, childcare fees, and governmental contract revenues paid to the Association in advance represent contract liabilities and are recorded as unearned revenue. Amounts billed but unpaid are contract assets and recorded as account receivables.

INCOME TAXES - The YMCA is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Blue Water YMCA Foundation is tax-exempt under Section 501(c)(3) and is a Type 1 supporting organization under Section 509(a)(3). Accordingly, no provision for income taxes is required.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

NATIONAL SUPPORT - The Association is a member of the National Council of Young Men's Christian Association and as a member is required to contribute 2% of adjusted total income to the National Council.

FUNCTIONAL EXPENSES - The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs that are directly identifiable with a program or support service are charged directly to the program or support service benefiting, including most salaries and benefits. Other costs have been allocated to the various programs and support services based on the estimated benefit received. The following are the allocation methods utilized:

Salaries and benefits - most hourly employees are allocated based on time and effort reports prepared by the employee. Salaried individuals that only work in one department/program are charged directly; any other salaried individual that serves more than one program is allocated based on estimated time spent in each program.

Housekeeping and building facilities - include utilities, insurance, etc., and are allocated based on square footage.

Interest costs - interest on equipment is recorded in the department/program where the equipment is utilized. Interest on the building is allocated based on square feet.

ADVERTISING - The Association's policy is to expense advertising costs for the promotion of programs as the costs are incurred. Advertising expenses were $31,581 for 2022.

UNEARNED REVENUE - Unearned revenue represents membership and program fees applicable to future periods, gift certificates, and unspent grants.

ACCRUED VACATION AND SICK - Employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under limits and conditions specified in the personnel policies.

ESTIMATES - In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE MEASUREMENTS - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The Association accounts for certain financial assets and liabilities at fair value.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

SUBSEQUENT EVENTS - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 26, 2023, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

Cash and cash equivalents	$	2,058,074
Accounts receivable		159,936
	$	2,218,010

NOTE 3 - DEPOSITS - CONCENTRATION OF CREDIT RISK:

As of December 31, 2022, the Association had deposits with financial institutions with a bank balance of $2,073,089, of which $600,527 was covered by depository insurance and the remaining amount of $1,472,562 was uninsured and uncollateralized.

NOTE 4 - ENDOWMENTS:

The Association has received donor-restricted (in perpetuity) donations for the purpose of supplementing general operations with the income generated. In connection, the Association transferred their endowment fund to The Community Foundation of St. Clair County (the "Community Foundation") in 2015 to establish an agency endowment fund plus accumulated investment earnings. Under the terms of the agreement with the Community Foundation, the Board of Directors of the Association may recommend or request distribution from the fund in amounts limited by the spending policies of the Community Foundation. The Community Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Association granted variance power to the Community Foundation. The Community Foundation expects to follow the recommendation but reserves the right to accept or reject the Association's recommendations. Variance power also gives the Community Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Association ceases to exist and the Board of the Community Foundation determines that support of the Association is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

The changes in endowment net assets were as follows:

Balance at January 1, 2022	$	405,474
Net depreciation of investments	(	146,343)
Investment income		77,719
Investment fees	(	6,166)
Balance at December 31, 2022	$	330,684

As of December 31, 2022, the original value of permanently restricted contributions was $299,751.

NOTE 5 - LAND, BUILDING, AND EQUIPMENT:

The following is a summary of capital assets for the year ended December 31, 2022:

Land	$	400,000
Building and building improvements		3,359,131
Furniture and equipment		429,640
Vehicles		69,263
Construction in progress		105,324
		4,363,358
Less: Accumulated depreciation	(	1,097,527)
Total Land, Building, and Equipment, net	$	3,265,831

Depreciation expense for 2022 totaled $147,555.

NOTE 6 - NOTES PAYABLE:

In November 2015, the Association received a $500,000 non-interest-bearing loan from the James C. Acheson Foundation, which is secured by the building. The loan is to be repaid in monthly installments of $2,762 including interest of 5.00% (effective interest rate), commencing May 1, 2017 through June 1, 2033. The James C. Acheson Foundation had allowed for the suspension of payments from November 2020 through December 2021. The balance due of $349,336 includes $77,702 of imputed interest.	$	271,634
In November 2015, the Association received a non-interest-bearing, short-term loan in the amount of $125,000 to be repaid when the Association sold the Sault Ste. Marie property. The Association sold the property in 2016; however, the proceeds were not sufficient to repay the entire amount of the loan. The remaining balance to be repaid as of December 31, 2022 is:		25,130
On October 14, 2022, the Association received a loan through the U.S. Small Business Administration (SBA) in the amount of $875,000 to pay off the previous 2019 Energy-efficient Equipment Loan and is secured by the building owned by the Association and all tangible and intangible personal property. The SBA loan payments are due in monthly payments of $3,927, including interest of 2.75% beginning March 22, 2025 through January 22, 2052. Interest will continue to accrue until repayments of the loan begin.		875,000
	$	1,171,764

NOTE 6 - NOTES PAYABLE - (cont'd):

The principal maturities of the notes, excluding the note that will be repaid when cash is available, are as follows:

	November 2015 Note	2022 SBA EIDL Loan
2023	$ 20,022	$ -
2024	21,047	-
2025	22,123	19,417
2026	23,255	23,895
2027	24,445	24,561
2028-2032	142,314	133,452
2033-2037	18,428	153,099
2038-2042	-	175,638
2043-2047	-	201,496
2048-2052	-	143,442
	$ 271,634	$ 875,000

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOANS:

The Association received two loans in the amount of $418,000 from Eastern Michigan Bank (the "Bank") pursuant to the Paycheck Protection Program (PPP) under Division A, Title I, of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020.

On July 28, 2021 and March 7, 2022, the Association received notifications from the Bank indicating that the Small Business Association (SBA) had forgiven the full amount of the principal and accrued interest and that both loans are considered paid in full for the PPP Loans dated April 10, 2020 and January 29, 2021. A reduction to the liability and forgiveness of the loan, including accrued interest of $422,546 and $423,428, was recognized as of and for the years ended December 31, 2022 and 2021, respectively.

According to the rules of the SBA, the Association is required to retain PPP Loan documentation for six years after the date the loan is forgiven or paid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Association's judgements pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Association may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 8 - RELATED PARTIES TRANSACTIONS:

During 2022, the Association received $25,100 of contributions from Board Members and their families, as well as companies they own, the President/CEO, and other related parties. During 2022, the Association also incurred $99,514 of expenses related to insurance premiums paid to a company owned by a Board Member.

NOTE 9 - FAIR VALUE MEASUREMENTS:

In accordance with ASC 820, the Association uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

The following table presents the Association's fair value hierarchy for the assets measured at fair value as of December 31, 2022:

	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others	$ 330,684	$ -	$ 330,684	$ -
Variable life insurance policy	163,328	-	163,328	-
	$ 494,012	$ -	$ 494,012	$ -

NOTE 10 - EMPLOYEE PENSION PLAN:

The Association provides retirement benefits for all eligible employees through pension plans administered by the National Association. In order to be eligible, an employee must have completed two years of service in which at least 1,000 hours have been worked and must be 21 or older. The employee contributes 3%, and the Association contributes 5% of the employee's gross salary. Both employer and employee contributions are fully vested immediately.

For the year ended December 31, 2022, employer contributions totaled $32,645.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2022 consisted of the following:

Subject to Expenditures for Specific Purposes -		
Mount Sinai Society - Youth programs	$	93,004
Community Foundation - Early childhood		90,000
Contribution - Swim program		12,667
Not Subject to Appropriations or Expenditures -		
Beneficial interest in assets held by others		330,684
	$	526,355

NOTE 12 - SUBSEQUENT EVENT:

In February 2023, the YMCA Foundation assets in the amount of $78,383 were transferred to the Association's endowment fund with The Community Foundation of St. Clair County. The intent is to close the YMCA Foundation.

SUPPLEMENTARY INFORMATION

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022

	YMCA	YMCA Foundation	Consolidating Adjustments	Total
Assets:				
Cash and cash equivalents	$ 1,979,864	$ 78,210	$ -	$ 2,058,074
Receivables (net of allowance) -				
Memberships	58,100	-	-	58,100
Due from Foundation	3,000	-	(3,000)	-
Grants	81,884	-	-	81,884
Other	19,952	-	-	19,952
Inventory	901	-	-	901
Prepaid expenses	144,644	-	-	144,644
Cash surrender value of life insurance	163,328	-	-	163,328
Beneficial interest in assets held by others	330,684	-	-	330,684
Land, buildings and equipment, net	3,265,831	-	-	3,265,831
Total Assets	$ 6,048,188	$ 78,210	$(3,000)	$ 6,123,398
Liabilities:				
Accounts payable	$ 74,879	$ -	$ -	$ 74,879
Accrued salaries and fringes	46,382	-	-	46,382
Unearned revenue	135,908	-	-	135,908
Accrued interest	5,142	-	-	5,142
Due to YMCA	-	3,000	(3,000)	-
Notes payable	1,171,764	-	-	1,171,764
Accrued vacation and sick	36,393	-	-	36,393
Total Liabilities	1,470,468	3,000	(3,000)	1,470,468
Net Assets:				
With Donor Restrictions	526,355	-	-	526,355
Without Donor Restrictions	4,051,365	75,210	-	4,126,575
Total Net Assets	4,577,720	75,210	-	4,652,930
Total Liabilities and Net Assets	$ 6,048,188	$ 78,210	$(3,000)	$ 6,123,398

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	YMCA	YMCA Foundation	Consolidating Adjustments	Total
Net Assets without Donor Restrictions:				
Revenues and Gains and Other Support:				
Public support -				
Contributions of cash and other financial resources	$ 172,111	$ 1,200	$ -	$ 173,311
Revenue and gains -				
Memberships and guest fees	1,236,985	-	-	1,236,985
Childcare fees	1,256,421	-	-	1,256,421
Other program service fees	319,874	-	-	319,874
	2,813,280	-	-	2,813,280
Grants and fees -				
YMCA of the USA	35,000	-	-	35,000
Great Start Readiness Program	92,720	-	-	92,720
State Alliance of Michigan YMCAs	190,679	-	-	190,679
YMCA of Metro Detroit	82,479	-	-	82,479
Child Care Relief Fund	490,461	-	-	490,461
Other	52,495	-	-	52,495
Merchandise sales	7,742	-	-	7,742
Rental income	34,784	-	-	34,784
Event income	126,856	-	-	126,856
Other	7,031	-	-	7,031
	3,933,527	-	-	3,933,527
Total Revenues and Other Support without Donor Restrictions	4,105,638	1,200	-	4,106,838
Expenses:				
Program services -				
Youth Development	1,536,967	-	-	1,536,967
Healthy Living	1,240,186	-	-	1,240,186
Social Responsibility	10,062	-	-	10,062
Supporting services -				
Management and general	586,049	-	-	586,049
Fundraising	57,351	-	-	57,351
Total Expenses	3,430,615	-	-	3,430,615
Change in Net Assets without Donor Restrictions from Operations	675,023	1,200	-	676,223

(Continued)

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	YMCA	YMCA Foundation	Consolidating Adjustments	Total
Non-Operating Activities:				
Investment income (loss), net of expenses	$(45,232)	$ 117	$ -	$(45,115)
Forgiveness of PPP Loan	422,546	-	-	422,546
Total Non-Operating Activities	377,314	117	-	377,431
Change in Net Assets without Donor Restrictions	1,052,337	1,317	-	1,053,654
Net Assets with Donor Restrictions:				
Contributions	102,667	-	-	102,667
Change in value of beneficial interest in assets held by others	(74,790)	-	-	(74,790)
Total Changes in Net Assets with Donor Restrictions	27,877	-	-	27,877
Change in Total Net Assets	1,080,214	1,317	-	1,081,531
Net Assets at beginning of year	3,497,506	73,893	-	3,571,399
Net Assets at end of year	$ 4,577,720	$ 75,210	$ -	$ 4,652,930

(Concluded)

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA
AND SUPPORTING ORGANIZATION

TRANSPORTATION OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Operations	Maintenance	General Admin.	Total System
Labor -				
Operator's salaries and wages	$ -	$ -	$ 186	$ 186
Fringe benefits	-	-	24	24
Casualty and Liability Costs -				
Premiums for Public Liability	1,455	-	-	1,455
Miscellaneous Expenses				
Other miscellaneous expenses	2	-	-	2
Total Operating Expenses	$ 1,457	$ -	$ 210	$ 1,667

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA AND SUPPORTING ORGANIZATION

MILEAGE DATA (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Total Mileage
Demand-Response	
1st Quarter	-
2nd Quarter	-
3rd Quarter	711
4th Quarter	3,852
Total Demand-Response Mileage	4,563