ITASCA COUNTY FAMILY YMCA, INC.

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Itasca County Family YMCA, Inc.
Grand Rapids, Minnesota

Opinion

We have audited the accompanying financial statements of ITASCA COUNTY FAMILY YMCA, INC. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of ITASCA COUNTY FAMILY YMCA, INC. as of December 31, 2025, 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 ITASCA COUNTY FAMILY YMCA, INC. 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.

Prior Period Financial Statements

The financial statement of ITASCA COUNTY FAMILY YMCA, INC. as of December 31, 2024 were audited by other auditors whose report dated April 29, 2025 expressed an unmodified opinion on those statements.

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 ITASCA COUNTY FAMILY YMCA, INC.’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 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 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 ITASCA COUNTY FAMILY YMCA, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ITASCA COUNTY FAMILY YMCA, 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.

MILLER, WELLE, HEISER & CO., LTD.
Certified Public Accountants

St. Cloud, Minnesota
REPORT DATE

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 836,285	$ 179,793	$ 1,016,078
Cash custody accounts	32,771	-	32,771
Accounts receivable, net of allowance for credit losses	158,567	-	158,567
Pledges receivable	1,247	-	1,247
Grants receivable	28,006	-	28,006
Inventory	1,295	-	1,295
Prepaid expenses	84,009	-	84,009
Total current assets	1,142,180	179,793	1,321,973
NONCURRENT ASSETS			
Net land, buildings, and equipment	7,203,901	-	7,203,901
Cash surrender value of life insurance	19,650	-	19,650
Operating lease right-of-use asset	49,591	-	49,591
Total noncurrent assets	7,273,142	-	7,273,142
INVESTMENTS			
Board designated			
Endowment fund appreciation	911,066	-	911,066
Capital repairs and improvement	706,625	-	706,625
Restricted endowment	-	827,154	827,154
Total investments	1,617,691	827,154	2,444,845
TOTAL ASSETS	$ 10,033,013	$ 1,006,947	$ 11,039,960

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2025

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Accounts payable	$ 74,745	$ -	74,745
Accrued expenses	148,044	-	148,044
Current portion of operating lease liabilities	49,591	-	49,591
Current portion of deferred revenue	149,630	-	149,630
Total current liabilities	422,010	-	422,010
LONG-TERM LIABILITIES			
Deferred revenue - net of current portion	44,634	-	44,634
Total long-term liabilities	44,634	-	44,634
TOTAL LIABILITIES	466,644	-	466,644
NET ASSETS			
Without donor restrictions			
Board designated	1,617,691	-	1,617,691
Operating	7,948,678	-	7,948,678
Total net assets without donor restrictions	9,566,369	-	9,566,369
With donor restrictions	-	1,006,947	1,006,947
TOTAL NET ASSETS	9,566,369	1,006,947	10,573,316
TOTAL LIABILITIES AND NET ASSETS	$ 10,033,013	$ 1,006,947	$ 11,039,960

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 1,132,667	$ 299,156	$ 1,431,823
Cash custody accounts	34,753	-	34,753
Accounts receivable, net of allowance for credit losses	125,166	-	125,166
Pledges receivable	8,884	-	8,884
Grants receivable	86,771	343,000	429,771
Prepaid expenses	23,394	-	23,394
Total current assets	1,411,635	642,156	2,053,791
NONCURRENT ASSETS			
Net land, buildings, and equipment	7,674,446	-	7,674,446
Cash surrender value of life insurance	19,403	-	19,403
Operating lease right-of-use asset	155,755	-	155,755
Total noncurrent assets	7,849,604	-	7,849,604
INVESTMENTS			
Board designated			
Endowment fund appreciation	755,252	-	755,252
Capital repairs and improvement	559,632	-	559,632
Restricted endowment	-	831,221	831,221
Total investments	1,314,884	831,221	2,146,105
TOTAL ASSETS	$ 10,576,123	$ 1,473,377	$ 12,049,500

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2024

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Accounts payable	$ 94,021	$ -	$ 94,021
Accrued expenses	114,583	-	114,583
Current portion of operating lease liabilities	96,971	-	96,971
Current portion of deferred revenue	166,805	-	166,805
Total current liabilities	472,380	-	472,380
LONG-TERM LIABILITIES			
Operating lease liabilities - net of current portion	60,305	-	60,305
Deferred revenue - net of current portion	66,951	-	66,951
Total long-term liabilities	127,256	-	127,256
TOTAL LIABILITIES	599,636	-	599,636
NET ASSETS			
Without donor restrictions			
Board designated	1,314,884	-	1,314,884
Operating	8,661,603	-	8,661,603
Total net assets without donor restrictions	9,976,487	-	9,976,487
With donor restrictions	-	1,473,377	1,473,377
TOTAL NET ASSETS	9,976,487	1,473,377	11,449,864
TOTAL LIABILITIES AND NET ASSETS	$ 10,576,123	$ 1,473,377	$ 12,049,500

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions by public	$ 305,090	$ 16,331	321,421
Contributions of non-financial assets	20,642	-	20,642
Fundraising, net of expenses of $9,179	9,866	-	9,866
Grant revenue	262,086	-	262,086
Special events, net of benefit to donors of $51,890	22,725	-	22,725
Total public support	620,409	16,331	636,740
NET ASSETS RELEASED FROM RESTRICTIONS	483,911	(483,911)	-
OTHER REVENUE			
Membership dues	1,264,146	-	1,264,146
Program fees	1,649,334	-	1,649,334
Guest passes	67,650	-	67,650
Sales and vending less cost of goods sold of $51,497	18,841	-	18,841
Rent - facilities	86,200	-	86,200
Miscellaneous	7,875	-	7,875
Investment income	92,404	1,150	93,554
Net realized and unrealized gain on investments	189,084	-	189,084
Total other revenue	3,375,534	1,150	3,376,684
Total public support and other revenue	4,479,854	(466,430)	4,013,424
FUNCTIONAL EXPENSES			
Program services	4,137,720	-	4,137,720
Supporting services:			
Management and general	580,687	-	580,687
Fundraising	171,565	-	171,565
Total functional expenses	4,889,972	-	4,889,972
CHANGE IN NET ASSETS	(410,118)	(466,430)	(876,548)
Net assets - beginning of year	9,976,487	1,473,377	11,449,864
NET ASSETS - END OF YEAR	$ 9,566,369	$ 1,006,947	$ 10,573,316

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions	$ 272,758	$ 17,150	$ 289,908
Fundraising, net of expenses of $15,675	3,678	-	3,678
Grants	569,110	-	569,110
Special events, net of benefit to donors of $17,349	34,141	-	34,141
Total public support	879,687	17,150	896,837
NET ASSETS RELEASED FROM RESTRICTIONS	359,645	(359,645)	-
OTHER REVENUE			
Membership dues	1,213,765	-	1,213,765
Program fees	1,755,397	-	1,755,397
Guest passes	49,535	-	49,535
Sales and vending less cost of goods sold of $20,939	16,015	-	16,015
Rent - facilities	106,467	-	106,467
Miscellaneous	44,824	-	44,824
Investment income	81,584	-	81,584
Net realized and unrealized gain on investments	123,581	-	123,581
Total other revenue	3,391,168	-	3,391,168
Total public support and other revenue	4,630,500	(342,495)	4,288,005
FUNCTIONAL EXPENSES			
Program services	4,051,029	-	4,051,029
Management and general	529,157	-	529,157
Fundraising	65,913	-	65,913
Total functional expenses	4,646,099	-	4,646,099
CHANGE IN NET ASSETS	(15,599)	(342,495)	(358,094)
Net assets - beginning of year	9,992,086	1,815,872	11,807,958
NET ASSETS - END OF YEAR	$ 9,976,487	$ 1,473,377	$ 11,449,864

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	$ 2,330,023	$ 74,975	$ 86,078	$ 2,491,076
Employee benefits	177,989	29,734	13,833	221,556
Payroll taxes and worker's compensation	199,043	9,466	7,332	215,841
Total personnel expenses	2,707,055	114,175	107,243	2,928,473
OTHER EXPENSES				
Supplies	169,486	12,176	65,949	247,611
Electricity	108,931	7,182	3,591	119,704
Heating	48,355	3,188	1,594	53,137
Repairs and maintenance	16,315	33,852	774	50,941
Insurance	66,300	7,621	2,286	76,207
Dues and subscriptions	491	87,080	629	88,200
Food	138,546	-	-	138,546
Other program expenses	22,764	-	-	22,764
Water and sewer	36,800	4,230	1,269	42,299
Contracted services	193,014	151,133	9,597	353,744
Advertising and promotion	8,166	615	1,914	10,695
Small equipment	43,793	8,700	9,372	61,865
Professional development	8,728	7,445	431	16,604
Professional Fees	-	19,265	-	19,265
Miscellaneous	249	1,670	-	1,919
Telephone	1,350	9,817	-	11,167
Postage and freight	1,099	460	2,036	3,595
Garbage removal	10,387	1,753	375	12,515
Snow removal	8,712	1,418	-	10,130
Licenses and fees	3,774	115	35	3,924
Travel	4,593	387	-	4,980
Volunteer recognition	-	194	300	494
Meeting expenses	-	4,718	107	4,825
Investment fees	-	19,506	-	19,506
Bank charges	40,797	5,318	8,274	54,389
Rent expense	83,113	-	-	83,113
Depreciation	466,399	78,669	16,858	561,926
Total expenses	4,189,217	580,687	232,634	5,002,538
Less: expenses included with revenue on the statement of activities				
Fundraising expenses	-	-	(9,179)	(9,179)
Special event costs	-	-	(51,890)	(51,890)
Cost of goods sold	(51,497)	-	-	(51,497)
Total functional expenses	$ 4,137,720	$ 580,687	$ 171,565	$ 4,889,972
Percent of total expenses	85%	12%	4%	

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	$ 2,131,376	$ 183,328	$ 50,317	$ 2,365,021
Employee benefits	137,174	19,760	4,780	161,714
Payroll taxes and worker's compensation	176,040	26,356	4,199	206,595
Total personnel expenses	2,444,590	229,444	59,296	2,733,330
OTHER EXPENSES				
Supplies	224,687	8,465	-	233,152
Electricity	117,363	7,738	3,869	128,970
Heating	42,573	2,807	1,403	46,783
Repairs and maintenance	147,259	7,181	-	154,440
Insurance	48,991	5,631	1,689	56,311
Dues and subscriptions	-	75,978	-	75,978
Food	147,851	-	-	147,851
Water and sewer	51,361	5,904	1,771	59,036
Contracted services	28,734	8,948	-	37,682
Advertising and promotion	-	6,779	-	6,779
Small equipment	61,458	-	-	61,458
Professional development	15,073	798	1,903	17,774
Professional Fees	-	17,000	-	17,000
Miscellaneous	35,970	5,547	220	41,737
Telephone	10,153	1,194	597	11,944
Postage and freight	882	834	1,476	3,192
Garbage removal	14,323	2,416	518	17,257
Snow removal	10,734	1,747	-	12,481
Licenses and fees	8,399	-	-	8,399
Travel	5,365	628	-	5,993
Volunteer recognition	621	740	-	1,361
Meeting expenses	-	5,244	-	5,244
Investment fees	-	17,882	-	17,882
Interest	-	-	85	85
Bank charges	-	42,610	-	42,610
Grant expenses	113,864	-	-	113,864
Rent expense	84,125	-	8,478	92,603
Depreciation	436,590	73,642	15,780	526,012
Credit loss expense	21,002	-	1,852	22,854
Total expenses	4,071,968	529,157	98,937	4,700,062
Less: expenses included with revenue on the statement of activities				
Fundraising expenses	-	-	(15,675)	(15,675)
Special event costs	-	-	(17,349)	(17,349)
Cost of goods sold	(20,939)	-	-	(20,939)
Total functional expenses	$ 4,051,029	$ 529,157	$ 65,913	$ 4,646,099
Percent of total expenses	87%	11%	1%	

See accompanying notes to financial statements.

ITASCA COUNTY FAMILY YMCA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (876,548)	$ (358,094)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	561,926	526,012
Net realized and unrealized loss (gain) on investments	(189,084)	(123,581)
Net change in operating right-of-use assets and operating lease liability	(1,521)	1,141
(Increase) decrease in assets		
Accounts receivable	(33,401)	(58,892)
Pledges receivable	7,637	(4,014)
Grants receivable	401,765	395,229
Prepaid expense and other assets	(60,615)	(24,884)
Inventory	(1,295)	-
Increase (decrease) in liabilities		
Accounts payable	(19,276)	(5,807)
Custody accounts	-	5,659
Accrued expenses	33,461	20,730
Deferred revenue	(39,492)	42,503
Net cash provided (used) by operating activities	(216,443)	416,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings and equipment	(91,381)	(336,864)
Increase in cash value of life insurance	(247)	(216)
Proceeds on sale of investments	62,593	104,597
Purchase of investments	(172,249)	(79,740)
Net cash provided (used) by investing activities	(201,284)	(312,223)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(417,727)	103,779
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,466,576	1,362,797
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,048,849	$ 1,466,576
Cash and restricted cash:		
Cash and cash equivalents	$ 1,016,078	$ 1,431,823
Cash custody accounts	32,771	34,753
Total cash and cash equivalents and restricted cash	$ 1,048,849	$ 1,466,576

See accompanying notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

For over 40 years, the Itasca County Family YMCA, Inc. (the "YMCA" or the "Organization") has served the Itasca area with a mission to strengthen ourselves, our families, and communities by promoting growth in spirit, mind, and body. We are an association of men, women, and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living, and fostering a sense of social responsibility. We believe that lasting personal social change can only come about when we all work together to invest in our kids, our health, and our neighbors. Strengthening our community is our cause. Every day we work side-by-side with our neighbors to make sure that everyone, regardless of age, income, or background, has the opportunity to learn, grow, and thrive. Our YMCA is founded and led by volunteers from our community. Our volunteers serve as mentors, coaches, program leaders, instructors and policy makers.

Youth Development: Our YMCA is committed to cultivating the potential of every child who comes through our doors. We firmly believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people develop the values, skills, and relationships that lead to positive behaviors, better health, and prolonged educational achievement. Our YMCA programs encompass all ages including the Weefolksgarten Childcare, End Zone school-age care, Camp Wannago summer day camp, and youth sports programs. All of our programming offers a range of experiences that enrich cognitive, social, physical, and emotional growth. Youth programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. At the YMCA, we never turn away any individual for an inability to pay and offer assistance to youth and families who otherwise would have faced economic barriers to participation. As families return to normal work schedules following the pandemic, the YMCA has seen a dramatic increase in demand for school-age care. In response, we expanded our before- and after-school programming. Putting our children and our community first, has always been and will remain at the forefront of our mission.

Healthy Living: The YMCA is a leader in our community on health and well-being. We bring families closer together, encourage good health, and foster connections through fitness, sports, fun and shared interests. As a result, over 5,000 people in our community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. The YMCA stays on top of current fitness trends, and in 2022, a studio was converted to a second strength room to meet the current demand. And the YMCA is there for those who need the social connection, which has been found to be just as important as physical health. More and more members are connecting in our classes and in our free community space, the Active Living Center. Our programs are accessible, affordable, and open to all faiths, backgrounds, abilities and income levels. In 2025, we provided $146,913 in financial assistance to adults and families who otherwise would have faced economic barriers to participation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Nature of Operations (Continued)

Social Responsibility: Our YMCA believes in supporting our neighbors. We have been listening and responding to our community's most critical social needs for 40 years. YMCA programs such as our free Active Living Center (open to all ages), our full childcare, our youth sports program and the annual campaign are examples of how we deliver training, resources and support that empower our neighbors to produce change, bridge gaps, and overcome obstacles. In 2025, volunteers donated 5,269 hours of time to assist in activities that strengthen our community and pave the way for future generations to thrive.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for capital repairs and improvements and earnings on a donor restricted endowment.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less and certificates of deposit to be cash equivalents.

Investments

Investments consist of money market funds, mutual funds, and exchange traded funds with readily determinable fair values. Investments are generally recorded at fair value based on quoted market prices, when available, or estimates of fair value. Donated investments are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation or, if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Investments (Continued)

Investments are exposed to various risks such as significant world events and interest rate, credit, and overall market volatility. As a result of the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Custody Accounts

The Organization has several custody accounts which hold funds for specified activities.

Accounts Receivable

Accounts receivable are collateralized customer obligations due on normal trade terms requiring payment within 30 days from the invoice date. Collections of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Organization uses an aging method to estimate allowances for credit losses. The allowance was $25,581 and $38,290 at December 31, 2025 and 2024, respectively. The balance of accounts receivable, less allowance at December 31, 2025 and 2024 was $158,567 and $125,166, respectively.

Pledges Receivable

Pledges receivable consist of pledges from individuals and businesses. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible pledges through a provision for uncollectible pledges and an adjustment to a valuation allowance based on its assessment of the current status of individual account and payment history. It is at least reasonably possible that estimates related to the allowance of uncollectible pledges will change in the near term. No allowance for uncollectible pledges was considered necessary at December 31, 2025 and 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with grantors and donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end would be immaterial.

Inventory

Inventory consists of items for resale and maintenance supplies. Inventory is stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Land, Building, and Equipment

All acquisitions and improvements of property and equipment of $5,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are as follows:

	Years
Land Improvements	25-35
Buildings and building improvements	15-50
Furniture, fixtures, and equipment	3-12

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long-lived assets during 2025 and 2024.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Contribution Revenue (continued)

- An implicit right of return of assets transferred or a right of release of donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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 increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date placed in service. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. No amounts have been reflected in the statements for donated services received because they do not meet the criteria for recognition; however, a substantial number of volunteers have donated their time in the YMCA's program services and fundraising.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions – Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that Are Exchange Transactions – Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as contract liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization records the following exchange transactions revenue in its statements of activities for the years ending December 31, 2025 and 2024:

Fundraising sales – Various groups at the Organization hold fundraisers throughout the year to raise the money they need to fund programs and activities. These groups include Active Living Center (ALC), childcare, swim teams, and other similar groups. Most groups sell products to customers through concessions or other point of sales to customers. Some groups sell products such as pizza on a take order basis. The groups purchase pizza or other items, which they then resell to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the group based on retail prices suggested by the suppliers. Each item sold is individually priced, so no allocation of the transaction price is required. Revenue recognition occurs at the point of sale or when the product has been delivered (for pizza or other similar product sales). If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability of probable customer returns was considered necessary as of December 31, 2025 and 2024.

Special event revenue – The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as special event expenses in the statement of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Organization separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition (continued)

Memberships – Memberships to the Organization provide monthly access to the Organization's facilities. A contract is formed when the customer purchases a membership and signs a membership application. There are several performance obligations: access to the facilities and services provided by the Organization which are not separately priced and are therefore considered to be one performance obligation, and discounted program service fees. Memberships can be purchased one month at a time or annually. Financial assistance is available based on income and family size. The transaction price is based on the monthly or annual rates by membership type published each year. Revenue is recognized monthly for memberships as access to the facilities and services are provided. Discounted program fees are recognized during the year in which the discount is taken and the program service is provided. Unearned memberships are reflected as deferred revenue on the statements of financial position.

Child Care Services – The Organization provides child care services in its Weefolksgarten, End Zone afterschool care, and Camp Wannago programs. Child care services are provided based on a contract signed when the child is registered. Child care is provided daily (Weefolksgarten, End Zone) or during the summer (Camp Wannago). The performance obligation is providing child care. The transaction price is based on the weekly childcare rates as published by the Organization. A one-time nonrefundable registration fee is required. Child care is billed every two weeks for the next two weeks. A two-week notice is required for termination of child care services. Revenue is recognized weekly as child care is provided. Unearned child care is reflected as deferred revenue on the statements of financial position. A receivable is recorded at year end for child care payments in arrears.

Other Program Fees – Other program fees include fitness classes, personal training, swim lessons, youth sports, and other various programs. The performance obligations are based on the nature of the services provided and the delivery of the services. Performance obligations are generally providing a service at a point in time. The transaction price is based on prices published by the Organization for the particular program. Program fees are reported at the amounts that reflects the consideration to which the Organization expects to be entitled to in exchange for providing services to their program participants. Revenue is recognized at the time the program is held. Unearned program fees are reflected as deferred revenue on the statements of financial position.

Guest Passes – Guest passes are purchased for one day and the customer must use the pass that day. The customer has access to the facilities and services for the day of the guest pass. The transaction price is the rates that are published by the Organization. Revenue is recognized on the day the guest pass is purchased and used.

Miscellaneous Revenue – Miscellaneous revenue includes training income, sales and vending, fees, and other insignificant items. Revenue is recognized as payments are received.

The YMCA records taxes collected from customers and remitted to governmental authorities on a net basis, which means they are excluded from both net sales and cost of sales.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. Utilities, repairs and maintenance, insurance and other occupancy related services are allocated on the basis of square footage.

Advertising and Promotion

Advertising costs are charged to operations when incurred. Advertising and promotion expense was $10,695 and $6,779 for the years ended December 31, 2025 and 2024, respectively.

Use of Estimates

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

Income Taxes

The YMCA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The YMCA is classified as a public charity. The YMCA is also exempt from state income tax.

ASC 842 Lease Accounting

The Organization is a lessee in a noncancelable operating lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASC 842 Lease Accounting (continued)

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for equipment to not separate the lease components of a contract and its associated non-lease components (lessor-provided maintenance and other services). For all other underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment.

Date of Management's Review

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through REPORT DATE, which is the date the financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE AND CONTRACT BALANCES:

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers include:

	12/31/2025	12/31/2024
Contract liabilities	$ 194,264	$ 233,756
Accounts receivable	$ 158,567	$ 125,166

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. There were no contract assets at December 31, 2025 and 2024. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

NOTE 3 INVESTMENTS:

Investments at December 31, 2025 and 2024 consisted of the following:

	2025	2024
Money market	$ 63,625	$ 277,979
Mutual Funds:		
Large cap equity	673,246	594,147
Mid cap equity	93,531	95,879
Small cap equity	97,642	90,990
Real estate	57,518	57,902
Fixed income	1,200,641	828,207
Exchange traded funds:		
Developed foreign	136,065	99,669
Emerging foreign	84,801	64,822
Fund held by Foundation	37,776	36,510
Total	$ 2,444,845	$ 2,146,105

See also Note 4.

NOTE 4 FUNDS HELD BY FOUNDATION:

The Organization has an endowment fund at the Grand Rapids Area Community Foundation (the Foundation). The Organization's agreement with the Foundation requires that the income on the fund be available for distribution to the YMCA at the YMCA's request. The fund is also structured that the principal contributed by the Organization (at the request of the Organization) can be distributed back to the Organization subject to the Foundation's discretion.

The Organization retains a future economic benefit in the transferred assets and therefore, does have an ongoing economic interest in the net assets of the Foundation and should record the fair market value of its share of the Foundation's holdings on its financial statements.

See also Note 5.

NOTE 5 FAIR VALUE MEASUREMENTS:

Following is a description of the valuation methodologies used for assets measured at fair value.

- Money market funds are measured at cost which approximates fair value.

- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED):

- Exchange-traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables summarize the YMCA's financial instruments that have been accounted for at fair value at December 31:

	2025			
	Level 1	Level 2	Level 3	Total
Money market	$ 63,625	$ -	$ -	$ 63,625
Mutual funds:				
Large cap equity	673,245	-	-	673,245
Mid cap equity	93,531	-	-	93,531
Small cap equity	97,642	-	-	97,642
Real estate	57,519	-	-	57,519
Fixed income	1,200,641	-	-	1,200,641
Exchange traded funds:				-
Developed foreign	136,065	-	-	136,065
Emerging foreign	84,801	-	-	84,801
Funds held by Foundation	37,776	-	-	37,776
Total	$ 2,444,845	$ -	$ -	$ 2,444,845

	2024			
	Level 1	Level 2	Level 3	Total
Money market	$ 277,979	$ -	$ -	$ 277,979
Mutual funds:				
Large cap equity	594,148	-	-	594,148
Mid cap equity	95,879	-	-	95,879
Small cap equity	90,990	-	-	90,990
Real estate	57,902	-	-	57,902
Fixed income	828,207	-	-	828,207
Exchange traded funds:				-
Developed foreign	99,669	-	-	99,669
Emerging foreign	64,821	-	-	64,821
Funds held by Foundation	36,510	-	-	36,510
Total	$ 2,146,105	$ -	$ -	$ 2,146,105

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2025 and 2024.

NOTE 6 PROPERTY AND EQUIPMENT:

The summary of land, building, and equipment is as follows as of December 31:

	2025			
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net
Land and land improvements	25 - 35 years	$ 1,896,430	$ 643,658	$ 1,252,772
Buildings and building improvements	15 - 50 years	12,431,666	6,990,824	5,440,842
Furniture, fixtures, and equipment	3 - 12 years	2,564,491	2,054,204	510,287
Total		$ 16,892,587	$ 9,688,686	$ 7,203,901

	2024			
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net
Land and land improvements	25 - 35 years	$ 1,897,215	$ 564,167	$ 1,333,048
Buildings and building improvements	15 - 50 years	12,417,681	6,653,617	5,764,064
Furniture, fixtures, and equipment	3 - 12 years	2,526,814	1,949,480	577,334
Total		$ 16,841,710	$ 9,167,264	$ 7,674,446

Depreciation expense was $561,926 and $526,012 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 DEFERRED REVENUE:

Deferred revenues arise primarily from the payment of annual membership dues and prepayments for childcare services and other program fees. During 2015, the YMCA received $305,000 in prepaid rent from a lessee. The prepaid rent is recorded in deferred revenue and will be recognized over the term of the lease through December 2028. Deferred revenues are recognized in the periods to which they apply, generally within twelve months of the end of the fiscal year, with the exception of the prepaid rent.

Deferred revenue consisted of the following at December 31:

	2025	2024
Membership dues	$ 66,960	$ 61,474
Rental income	66,951	89,268
Vouchers outstanding	4,807	7,167
Childcare revenue	12,791	37,895
Other revenue	42,755	37,952
Total	$ 194,264	$ 233,756

NOTE 8 LEASES:

The Organization leases a building under a noncancelable operating lease through August 2026, with no options to renew.

Components of lease expense were as follows for the years ended December 31:

	2025	2024
Lease cost:		
Operating lease cost	$ 83,113	$ 92,603
Total	$ 83,113	$ 92,603

Supplemental cash flow information related to leases is as follows for the years ended December 31:

	2025	2024
Other information:		
Cash paid for amounts included in the measurement of liabilities:		
Operating cash flows from operating leases	$ 83,113	$ 95,830

Supplemental statement of financial position information related to leases is as follows as of December 31:

	2025	2024
Weighted-average remaining lease term – Operating leases	0.67 years	1.67 years
Weighted-average discount rate – Operating leases	4.18%	4.18%

Maturities of the lease liability are as follows as of December 31, 2025:

Years Ended December 31,	Operating
2026	$ 49,591

NOTE 9 NET ASSETS:

Net assets at December 31 are summarized as follows for December 31, 2025:

	Restrictions	Without Donor Restrictions	With Donor Total
Undesignated	$ 7,948,678	$ -	$ 7,948,678
Designated for endowment	911,066	-	911,066
Designated for future capital repairs and maintenance	706,625	-	706,625
Restricted for Outdoor Courts	-	65,627	65,627
Restricted for future periods	-	114,166	114,166
Funds held by Foundation	-	31,243	31,243
Endowment fund contributions to be held in perpetuity	-	795,911	795,911
Total	$ 9,566,369	$ 1,006,947	$ 10,573,316

Net assets at December 31 are summarized as follows for December 31, 2024:

December 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 8,661,603	$ -	$ 8,661,603
Designated for endowment	755,252	-	755,252
Designated for future capital repairs and maintenance	559,632	-	559,632
Restricted for Outdoor Courts	-	50,396	50,396
Restricted for future periods	-	591,760	591,760
Funds held by Foundation	-	36,510	36,510
Endowment fund contributions to be held in perpetuity	-	794,711	794,711
Total	$ 9,976,487	$ 1,473,377	$ 11,449,864

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. Amounts released from donor restrictions for the years ended December 31, 2025 and 2024 were $483,911 and $359,645, respectively.

NOTE 10 ENDOWMENT FUNDS:

The Board of Directors of the YMCA has interpreted the State of Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 10 ENDOWMENT FUNDS (CONTINUED):

The donor-restricted endowment fund is classified in net assets with donor restrictions. Appreciation and income, absent donor restriction, is included in the board designated endowment funds, which are classified as net assets without donor restrictions.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a) The duration and preservation of the fund
b) The purposes of the YMCA and the donor-restricted endowment fund
c) General economic conditions
d) The possible effects of inflation and deflation
e) The expected total return from income and the appreciation of investments
f) Other resources of the YMCA
g) The investment policies of the YMCA

The Board of Directors has also designated other net assets without donor restrictions as endowment funds. Those funds are available to be used as determined by the Board, in accordance with its spending policy.

Investment return objectives, risk parameters and strategies: The YMCA has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3% to 5%, while growing the funds if possible. Therefore, the YMCA expects its endowment assets, over time, to produce an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy: The spending policy strategy includes the investment objectives listed above and achieves a spending pattern that will not be disrupted in especially volatile market conditions with the parameters of the strategy. The strategy uses the following elements to calculate the annual target spending: the fair value of the total endowment fund at the beginning of the calendar year, fair value of the total fund at the end of the calendar year, the yearly average consumer price index as determined by the federal government, a spending floor of 3%, a spending ceiling of 5%. The board reserves the right to approve any spending it determines has merit, and may choose to exceed the spending guidelines for extraordinary opportunities or needs provided available resources of the Board designated endowment fund. Distribution of assets from the Board designated endowment fund shall be determined and approved annually by the Board.

NOTE 10 ENDOWMENT FUNDS (CONTINUED):

Endowment net asset composition by type of fund is as follows at December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 827,154	$ 827,154
Board designated endowment funds	911,066	-	911,066
Endowment net assets, end of year	$ 911,066	$ 827,154	$ 1,738,220

Endowment net asset composition by type of fund is as follows at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 831,221	$ 831,221
Board designated endowment funds	755,252	-	755,252
Endowment net assets, end of year	$ 755,252	$ 831,221	$ 1,586,473

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 755,252	$ 831,221	$ 1,586,473
Investment return			
Interest and dividends	43,390	-	43,390
Investment fees	(14,884)	-	(14,884)
Net appreciation (realized and unrealized)	184,634	-	184,634
Contributions	-	1,200	1,200
Appropriation for expenditure pursuant to spending policy	(57,326)	(5,267)	(62,593)
Endowment net assets, end of year	$ 911,066	$ 827,154	$ 1,738,220

NOTE 10 ENDOWMENT FUNDS (CONTINUED):

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 651,976	$ 830,971	$ 1,482,947
Investment return			
Interest and dividends	42,371	-	42,371
Investment fees	(13,093)	-	(13,093)
Net appreciation (realized and unrealized)	128,594	-	128,594
Contributions	-	250	250
Appropriation for expenditure pursuant to spending policy	(54,596)	-	(54,596)
Endowment net assets, end of year	$ 755,252	$ 831,221	$ 1,586,473

NOTE 11 SPECIAL EVENT REVENUE:

Gross receipts from special events recorded by the Organization consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09 during 2019, the Organization is required to separately present the components of this revenue.

For the Years Ended December 31,	2025	2024
Contribution revenue	$ 22,725	$ 34,141
Exchange transaction revenue (benefit to customer)	51,890	17,349
Total special event revenue	$ 74,615	$ 51,490

NOTE 12 RETIREMENT PLAN:

The YMCA has adopted the Young Men's Christian Association Retirement Fund Retirement Plan (Plan) that is a national defined contribution multiple-employer plan sponsored by the YMCA Retirement Fund. Under the plan, all employees who have completed two years of service, are at least twenty-one years of age, and work at least one thousand hours per year are enrolled in the plan. All eligible employees contribute three percent of their compensation to the plan and the YMCA contributes nine percent. Employer contributions to the plan were $59,826 and $80,116 for the years ended December 31, 2025 and 2024, respectively.

NOTE 13 ASSETS LIMITED AS TO USE:

The YMCA Youth Program Endowment Fund (Fund) was established with the Grand Rapids Area Community Foundation (Foundation) by the YMCA. The YMCA is the sole beneficiary. No interest in this fund has been recorded as an asset since the Foundation has maintained variance power. The market value of this Fund was $122,026 and $110,208 at December 31, 2025 and 2024, respectively. The YMCA received distributions of $3,892 and $10,482 from the Fund for the years ended December 31, 2025 and 2024, respectively.

NOTE 14 CONCENTRATION OF CREDIT RISK:

The YMCA maintains certain cash and cash equivalents with three banking institutions. Additionally, the YMCA has money market funds with a brokerage firm. The cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to $250,000. The money market funds with a brokerage firm are insured by the Securities Investors Protection Corporation up to $500,000 from theft. The YMCA has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

NOTE 15 RENTAL INCOME:

The YMCA has lease agreements with several entities to rent space at the YMCA's facilities. During the years ended December 31, 2025 and 2024, $67,407 and $66,084, respectively, of rental revenue was generated from the tenants.

Future annual minimum rentals on non-cancelable tenant operating leases at December 31, 2025 are as follows:

Year ending December 31,	Cash to be received	Recognition of unearned rental income	Total
2026	$ 45,090	$ 22,317	$ 67,407
2027	45,090	22,317	67,407
2028	45,090	22,317	67,407
2029	45,090	-	45,090
Total	$ 180,360	$ 66,951	$ 247,311

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 836,285	$ 1,132,667
Accounts receivable	158,567	125,166
Pledges receivable	1,247	8,884
Grants receivable	28,006	86,771
Total	$ 1,024,105	$ 1,353,488

The endowment fund consists of a donor-restricted endowment. Income from the donor-restricted endowments is board designated for future needs. Donor-restricted endowment funds are not available for general expenditure. Board designated funds also include amounts for capital repairs and improvement held in a separate account.

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED):

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. In addition, in the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

NOTE 17 CONTRIBUTIONS OF NON-FINANCIAL ASSETS:

The Organization receives in-kind donations of fundraising items from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. The Organization recognizes in-kind contribution revenue and a corresponding expense or asset in an amount approximating the estimated fair value at the time of the donation.

During the year ending December 31, 2025, the Organization received donated items to be used for fundraising events. All donated goods were utilized by the Organization's programs in the year donated. There were no donor-imposed restrictions associated with the donated goods.

The revenue from contributions of non-financial assets is measured based on the fair value of those goods, and the amounts recognized are as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Fundraising items	$ 20,642	$ -

NOTE 18 RECLASSIFICATIONS:

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

NOTE 19 PRIOR PERIOD ADJUSTMENTS:

During the year ended December 31, 2025, the Organization discovered that a portion of the endowment fund established with the Grand Rapids Area Community Foundation (the Foundation) and had excluded from the statement of financial position since the Foundation has maintained variance power should not have been excluded. The YMCA retains a future economic benefit in those assts and as such, should have been recorded as an asset on the statement of financial position. The value of the YMCA's asset held at the Foundation was $36,510 at December 31, 2024. The December 31, 2024 financial statements were restated to add that amount to the restricted endowment investment and net assets with donor restrictions.

In addition, the Organization also determined during the year ended December 31, 2025 that funds held and recorded as custody accounts liabilities were not actual liabilities as they discovered that the fiscal agents that they thought they were holding the funds for are actually part of the YMCA itself and should not be liabilities. The amount held at December 31, 2024 was $34,093. The December 31, 2024 financial statements were restated to reflect the removal of the asset and corresponding increase to net assets.

NOTE 19 PRIOR PERIOD ADJUSTMENTS (CONTINUED):

The Organization has restated the December 31, 2024 statement of financial position to reflect the changes as follows:

	Without Donor Restrictions	With Donor Restrictions
Net assets as previously reported as of December 31, 2024	$ 9,942,394	$ 1,436,867
Adjustment to add endowment funds held by Foundation	-	36,510
Adjustment to remove custody account liability	34,093	-
Restated net assets as of December 31, 2024	$ 9,976,487	$ 1,473,377