McGaw YMCA

Consolidated Financial Statements

Years Ended August 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
McGaw YMCA
Evanston, Illinois

Opinion

We have audited the accompanying consolidated financial statements of McGaw YMCA (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of McGaw YMCA as of August 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 McGaw YMCA 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 Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT - Continued

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

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

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

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

Mann Weitz & Associates LLC

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois
August 8, 2023

MCGAW YMCA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Assets		
Cash and cash equivalents	$ 2,590,019	$ 4,344,299
Investments, at fair value - Note 3	7,698,101	8,479,101
Accounts receivable, net - Note 4	521,872	440,813
Inventory	26,386	7,647
Pledges and grants receivable, net - Notes 5, 11, 16	473,768	914,799
Prepaid expenses	70,053	68,300
Property and equipment, net - Notes 6 and 8	12,799,895	13,170,329
Total Assets	$ 24,180,094	$ 27,425,288
LIABILITIES AND NET ASSETS		
Liabilities		
Notes payable - Note 7	$ 3,600,097	$ 5,461,341
Capital lease obligation for computer and fitness equipment and capital projects - Note 8	11,097	137,205
Accounts payable and other accrued expenses	633,325	580,286
Accrued wages and payroll taxes	391,467	448,134
Accrued vacation	384,725	423,359
Deferred contributions - Note 16	50,000	
Deferred program and camp fee revenue - Note 4	276,375	370,545
Deferred membership dues - Note 4	60,206	44,922
Funds held - YMCA sponsored groups	12,873	13,581
Total Liabilities	5,420,165	7,479,373
Net Assets		
Net assets without donor restrictions	14,418,354	15,427,503
Net assets with donor restrictions - Notes 9 and 10	4,341,575	4,518,412
Total Net Assets	18,759,929	19,945,915
Total Liabilities and Net Assets	$ 24,180,094	$ 27,425,288

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Support						
Contributions and grants - Notes 11, 15 and 16	$ 1,632,465	$ 423,130	$ 2,055,595	$ 5,604,010	$ 74,983	$ 5,678,993
Special event revenue	94,439		94,439	107,500		107,500
Net assets released from restrictions						
Expiration of purpose restrictions	122,242	(122,242)		193,654	(193,654)	
Expiration of time restrictions	41,466	(41,466)		62,283	(62,283)	
Total Support	1,890,612	259,422	2,150,034	5,967,447	(180,954)	5,786,493
Program Revenues						
Membership and programs	3,484,287		3,484,287	3,070,154		3,070,154
Residence, net of community contribution	1,142,785		1,142,785	1,132,634		1,132,634
Children's Center	4,819,246		4,819,246	4,244,504		4,244,504
Camp Echo	2,426,636		2,426,636	2,119,574		2,119,574
Fee assistance - Note 12	(1,020,051)		(1,020,051)	(1,085,849)		(1,085,849)
Total Program Revenues	10,852,903		10,852,903	9,481,017		9,481,017
Other Revenues						
Paycheck Protection Program loan forgiveness - Note 7	1,773,332		1,773,332	1,769,246		1,769,246
Interest and dividends, net of investment expenses of $15,297 and $15,590, respectively	51,167	68,481	119,648	47,497	48,444	95,941
Realized/unrealized net gains (losses) on investments	(434,976)	(504,740)	(939,716)	309,754	315,936	625,690
Miscellaneous	54,658		54,658	61,498		61,498
Total Other Revenues, net	1,444,181	(436,259)	1,007,922	2,187,995	364,380	2,552,375
Total Revenues, Gains and Other Support	14,187,696	(176,837)	14,010,859	17,636,459	183,426	17,819,885
Expenses						
Program services						
Membership and programs	4,468,343		4,468,343	3,801,784		3,801,784
Residence	1,079,269		1,079,269	986,548		986,548
Children's Center	5,066,869		5,066,869	4,550,881		4,550,881
Camp Echo	1,967,942		1,967,942	1,948,050		1,948,050
Total Program Services	12,582,423		12,582,423	11,287,263		11,287,263
Supporting services						
Management and general	1,702,005		1,702,005	1,677,811		1,677,811
Fundraising	578,691		578,691	471,220		471,220
Marketing	333,726		333,726	303,827		303,827
Total Supporting Services	2,614,422		2,614,422	2,452,858		2,452,858
Total Expenses	15,196,845		15,196,845	13,740,121		13,740,121
Change in Net Assets	(1,009,149)	(176,837)	(1,185,986)	3,896,338	183,426	4,079,764
Net Assets						
Beginning of year	15,427,503	4,518,412	19,945,915	11,531,165	4,334,986	15,866,151
End of year	$ 14,418,354	$ 4,341,575	$ 18,759,929	$ 15,427,503	$ 4,518,412	$ 19,945,915

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services					Supporting Services				
	Membership and Programs	Residence	Children's Center	Camp Echo	Total Program Services	Management and General	Fundraising	Marketing	Total Supporting Services	Total Expenses
Wages and salaries	$ 2,210,927	$ 508,356	$ 2,954,479	$ 754,624	$ 6,428,386	$ 930,674	$ 240,028	$ 105,070	$ 1,275,772	$ 7,704,158
Employee benefits - Note 14	502,762	119,618	782,156	122,971	1,527,507	268,451	65,607	23,362	357,420	1,884,927
Independent contractors	52,565	2,417	6,714	19,170	80,866	30,511	165,623	33	196,167	277,033
Outside consultants and professional services		159			159	138,269	17,079	132,365	287,713	287,872
Program supplies	95,938	26,389	420,247	424,723	967,297					967,297
Administrative and office support	18,126	5,950	22,045	13,233	59,354	22,813	6,346	1,130	30,289	89,643
System support and maintenance	51,691	20,809	75,129	24,003	171,632	108,895	26,293	26,197	161,385	333,017
Building maintenance and supplies	383,964	145,231	182,095	90,522	801,812	4,975	2,423	1,411	8,809	810,621
Facility rental - Note 13	24,981	4,564	336,300	11,746	377,591	3,733	1,534	483	5,750	383,341
Promotion and advertising	317			1,037	1,354		4,518	36,902	41,420	42,774
Fundraising expenses						390	21,679	150	22,219	22,219
Development and learning	2,161	75	7,731	14,212	24,179	27,305	969	40	28,314	52,493
Staff and volunteer leadership meetings	215	73	14,769	2,423	17,480	28,404	10,024		38,428	55,908
Staff travel and meal	2,116			2,358	4,474	(47)	1,438		1,391	5,865
Dues and subscriptions - Note 15	41,478	14,519	55,853	21,296	133,146	13,217	5,033	250	18,500	151,646
Postage and mailing services				2,827	2,827	242	1,685	2,313	4,240	7,067
Telephone and internet access fees	35,870	11,555	29,628	16,948	94,001	7,686	960	1,502	10,148	104,149
Utilities	195,057	53,070	50,356	66,111	364,594	2,527	1,231	717	4,475	369,069
Vehicle rental and expenses	2,590	26	27,994	149,541	180,151	1	1		2	180,153
Property and liability insurance	121,674	3,513		30,859	156,046	167	81	47	295	156,341
Bank fees and other interest - Note 7	72,230	13,014	57,485	50,174	192,903	28,640	3,264		31,904	224,807
Promissory note interest - Note 7	109,077				109,077					109,077
License and taxes	6,701	5,013		16,506	28,220	108	1	1	110	28,330
Bad debt						76,667			76,667	76,667
Total Expenses Before Depreciation and Amortization Expense	3,930,440	934,351	5,022,981	1,835,284	11,723,056	1,693,628	575,817	331,973	2,601,418	14,324,474
Depreciation and Amortization Expenses - Note 6	537,903	144,918	43,888	132,658	859,367	8,377	2,874	1,753	13,004	872,371
Total Functional Expenses	$ 4,468,343	$ 1,079,269	$ 5,066,869	$ 1,967,942	$ 12,582,423	$ 1,702,005	$ 578,691	$ 333,726	$ 2,614,422	$ 15,196,845
Percentage of Total Expenses	29.40%	7.10%	33.34%	12.95%	82.80%	11.20%	3.81%	2.20%	17.20%	100.00%

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services					Supporting Services				
	Membership and Programs	Residence	Children's Center	Camp Echo	Total Program Services	Management and General	Fundraising	Marketing	Total Supporting Services	Total Expenses
Wages and salaries	$ 1,827,262	$ 473,131	$ 2,614,653	$ 835,890	$ 5,750,936	$ 907,904	$ 258,522	$ 175,889	$ 1,342,315	$ 7,093,251
Employee benefits - Note 14	400,334	113,965	765,915	155,453	1,435,667	243,125	67,799	39,400	350,324	1,785,991
Independent contractors	22,647	416	5,653	10	28,726	1,020	83,612	6	84,638	113,364
Outside consultants and professional services - Note 6	768	209		5	982	297,885	5	41,377	339,267	340,249
Program supplies	83,959	17,963	336,454	390,911	829,287					829,287
Administrative and office support	8,050	2,253	8,281	7,748	26,332	21,373	869	2,487	24,729	51,061
System support and maintenance	32,560	14,512	51,706	15,724	114,502	86,455	24,730	15,387	126,572	241,074
Building maintenance and supplies	352,280	123,614	154,672	65,869	696,435	4,565	2,139	1,379	8,083	704,518
Facility rental - Note 13	21,717	4,517	339,375	13,748	379,357	4,174	1,802	1,083	7,059	386,416
Promotion and advertising	605			2,287	2,892		427	18,582	19,009	21,901
Fundraising expenses	71		133	764	968	250	8,857	250	9,357	10,325
Development and learning	565	35	5,059	3,779	9,438	6,928	240		7,168	16,606
Staff and volunteer leadership meetings	967	343	9,365	2,168	12,843	9,283	8,773		18,056	30,899
Staff travel and meal	507	49	21	6,051	6,628	4	291	1	296	6,924
Dues and subscriptions - Note 15	52,718	17,950	69,161	34,679	174,508	12,979	4,040		17,019	191,527
Postage and mailing services			224	4,185	4,409	1,499	105	3,094	4,698	9,107
Telephone and internet access fees	32,585	9,304	26,208	13,681	81,778	8,244	969	1,782	10,995	92,773
Utilities	190,400	51,804	46,603	64,710	353,517	2,467	1,156	745	4,368	357,885
Vehicle rental and expenses	412		2,677	131,846	134,935					134,935
Property and liability insurance	84,912	2,496		21,928	109,336	119	56	36	211	109,547
Bank fees and other interest - Note 7	62,318	12	43,350	39,856	145,536	45,026	3,388	3	48,417	193,953
Mortgage and promissory note interest - Note 7	45,636				45,636	9,732			9,732	55,368
License and taxes	4,791	4,979	741	13,839	24,350	12			12	24,362
Bad debt						3,505			3,505	3,505
Total Expenses Before Depreciation and Amortization Expense	3,226,064	837,552	4,480,251	1,825,131	10,368,998	1,666,549	467,780	301,501	2,435,830	12,804,828
Depreciation and Amortization Expenses - Note 6	575,720	148,996	70,630	122,919	918,265	11,262	3,440	2,326	17,028	935,293
Total Functional Expenses	$ 3,801,784	$ 986,548	$ 4,550,881	$ 1,948,050	$ 11,287,263	$ 1,677,811	$ 471,220	$ 303,827	$ 2,452,858	$ 13,740,121
Percentage of Total Expenses	27.67%	7.18%	33.12%	14.18%	82.15%	12.21%	3.43%	2.21%	17.85%	100.00%

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (1,185,986)	$ 4,079,764
Adjustments to reconcile change in net assets		
to net cash provided by (used for) operating activities		
Loss on abandonment of construction in progress		240,319
Depreciation and amortization	872,371	935,293
Payroll Protection Program loan forgiveness	(1,773,332)	(1,769,246)
Realized/unrealized net (gains) losses on investments	939,716	(625,690)
Change in fair value of derivative		335
Increase (decrease) in allowance for uncollectible receivables and pledges	70,373	(59,486)
Contributed property and equipment		(9,500)
Net (increase) decrease in assets		
Accounts receivable	(142,293)	(296,750)
Inventory	(18,739)	5,477
Pledges and grants receivable	431,892	(348,643)
Prepaid expenses	(1,753)	(37,773)
Net increase (decrease) in liabilities		
Accounts payable and other accrued expenses	78,625	209,390
Accrued wages and payroll taxes	(56,667)	162,797
Accrued vacation	(38,634)	13,981
Deferred contributions	50,000	
Deferred program and camp fee revenue	(94,170)	(25,547)
Deferred membership dues	15,284	(3,873)
Funds held - YMCA sponsored groups	(708)	2,371
Net Cash Provided by (Used for) Operating Activities	(854,021)	2,473,219
Cash Flows from Investing Activities		
Purchases of property and equipment	(501,937)	(341,308)
Proceeds from sales of investments	8,125,207	15,864
Purchases of investments	(8,283,923)	(3,773,561)
Net Cash Used for Investing Activities	(660,653)	(4,099,005)
Cash Flows from Financing Activities		
Principal payments on mortgage payable		(3,497,109)
Principal payments on notes payable	(113,498)	(19,435)
Principal payments on capital lease obligations	(126,108)	(137,606)
Proceeds from notes payable		5,480,776
Net Cash Provided by (Used for) Financing Activities	(239,606)	1,826,626
Net Increase (Decrease) in Cash and Cash Equivalents	(1,754,280)	200,840
Cash and Cash Equivalents		
Beginning of year	4,344,299	4,143,459
End of year	$ 2,590,019	$ 4,344,299
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 137,417	$ 93,323

Supplemental Disclosure of Noncash Financing and Investing Activities - see Note 7

The accompanying notes are an integral part of this statement.

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

Founded in 1885, the McGaw YMCA (the Association), located in Evanston, Illinois, is a leading cause-driven charitable organization serving the needs of the Evanston community. Originally created to "promote mental, moral, physical and social welfare", we have remained true to the spirit of that mission as "an open, charitable, membership association that promotes growth in spirit, mind and body" through programs and services that have continued to expand to better serve everyone in our diverse community as well as surrounding communities.

Our programs are designed to focus on youth development, healthy living and social responsibility. In order to make the benefits of our programs and services affordable to the entire community, we have created "Membership for All," which provides sliding scale membership and program fees based on household income adjusted for the number of individuals in the household. In addition, we provide scholarships, camperships and program subsidies for early childhood education, day and resident camp, tutoring and mentoring programs, and for low and very low-income resident members. An average of 7,200 members and another 807 community participants enjoy health and wellness through a fully equipped health and wellness center, enhanced training options and targeted programs for all age groups, an aquatic program that includes swim teams and swim lessons in our two pools and throughout the community as a partner with Evanston Swims. We provide year-round educational programs in a standalone Children's Center with 13 classrooms for infants through school age in addition to 4 classrooms at the Foster Reading Center for Head Start and Afterschool programs in the underserved fifth ward of Evanston. In addition, in 2015 we created the MetaMedia program, a state of the art, connected learning, free digital media lab and makers space open exclusively to middle school youth. Finally, as part of our commitment to social responsibility, we continue to successfully run our resident member program that provides safe, affordable SRO (single room occupancy) housing to over 170 men annually.

Basis of Consolidation

The financial statements of the Association and the YMCA Camp Echo Corporation have been consolidated in accordance with the FASB provisions for consolidation. All inter-organizational transactions have been eliminated in consolidation. Substantially all of the revenues and assets are associated with the Association.

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting. Using this method, revenues and expenses are recognized in accordance with accounting principles generally accepted in the United States of America.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

Information regarding the financial position and activities of the Association are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- Without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed stipulations, but may be subject to board designations. They include all activities of the Association, except for those amounts that are restricted by external donors.

- With donor restrictions - Net assets with donor restrictions are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Association (purpose restrictions). Net assets with donor restrictions may also be imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

Use of Estimates

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

Cash Equivalents

Cash and cash equivalents are comprised of petty cash, cash in banks and money market funds. Money market funds are recorded at cost, which approximates fair value based on quoted market prices.

Accounts Receivable

Accounts receivable consisting of program fees are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of individuals having outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management has identified receivables that may not be collectible and accordingly has provided for these receivables in an allowance for doubtful accounts in the amount of approximately $100,000 and $39,000 at August 31, 2022 and 2021, respectively.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments consist of marketable securities that are stated at fair value based on quoted market prices. Unrealized gains or losses on such securities are based on the change in fair value of the assets from the beginning to the end of the fiscal year. Realized gains or losses are based on the change in fair value of the assets from the beginning of the fiscal year to the date of sale.

Investments are exposed to risks in the market. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the Association and the amounts reported in the consolidated statements of activities.

Derivative Financial Instruments

The FASB Codification related to derivatives and hedging establishes accounting and reporting standards for derivative instruments. The standard requires an entity to recognize all derivatives as either assets or liabilities, and measure those instruments at fair value. Derivatives that do not qualify as a hedge must be adjusted to fair value in earnings. If a derivative does qualify as a hedge under the standards, changes in the fair value will either be offset against the change in fair value of the hedged assets or liabilities, or recognized in the consolidated statements of activities.

Property and Equipment

The Association capitalizes property and equipment purchases of $2,000 or more with an estimated useful life of two years or more. Depreciation and amortization, including assets under capital lease, are calculated using the straight-line method over the estimated useful lives of the assets or life of the lease. Major renewals and betterments, which extend the useful life of an asset, are capitalized while routine maintenance and repairs are expensed as incurred.

Gains or losses on dispositions of property and equipment are included in the consolidated statements of activities.

Description	Years
Building and building improvements	40
Vehicles, furniture and equipment	5 - 8
Computer hardware	3
Fitness equipment under capital lease	3 - 4
Computer software	3

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Public Support and Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Promises to give, which are receivable over more than one year, are recorded at present value. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Contribution and grant revenue is recognized in the period in which the grant becomes unconditional. Contributions and grants are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions with no specific donor restrictions are recorded as increases in net assets without donor restriction. When a restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Restrictions which are fulfilled in the same time period in which a contribution and grant is received are reported as increases to net assets without donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Management assesses the collectability of pledges receivable based on historical experience and has established an allowance for uncollectible pledges accordingly. When amounts are determined to be uncollectible they are written off and charged to bad debt loss, whereas a reduction of the allowance for uncollectible pledges is reflected as bad debt recapture.

Revenue Recognition from Exchange Transactions

The Association has multiple revenue streams that are accounted for as exchange transactions including membership dues and program fees.

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 ASC 606-10-50-14(a*), Revenue from Contracts and Customers,* and, therefore, is not required to provide disclosures of the aggregate amount of the transaction price allocated to its performance obligations that are unsatisfied or partially satisfied at the end of the reporting periods.

Membership Dues, Program Fees, and Rental Fees

Membership fees and program fees consist of amounts that families and individuals pay to participate in fitness, education, recreation activities and programs. Memberships provide access to the recreational facilities, access to free group exercise classes, and discounts for fee-based programs. Memberships are drafted on the first day of the month for the service month and the membership dues are non-refundable. Members may cancel memberships anytime with written notice by the 25th of the month which is effective on the first of the subsequent month. Membership dues are recognized ratably over the period of membership. Unearned membership revenue is reflected as deferred revenue on the statement of financial position. Membership dues are reported net of financial assistance and discounts.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership Dues, Program Fees, and Rental Fees - Continued

Program fees for short duration programs are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program and refunds may be available for services not provided. Financial assistance is available to members and program participants. Performance obligations are determined based on the nature of the services provided by the Association. Revenue is recognized ratably over the period in which the service is provided based on the number of service days which have transpired. Program fees paid in advance are recorded as deferred revenue on the consolidated statement of financial position.

The Men's Residence program provides housing units which include access to common facilities and wrap around support services. Residence rental fees are billed on a weekly basis in advance of the week of occupancy. Rental income is recognized weekly as the housing unit is provided to tenants. Rental fees paid in advance are recorded as deferred revenue on the consolidated statement of financial position.

Contributed Nonfinancial Assets and Volunteer Support

If significant, the Association recognizes the fair value of contributed nonfinancial assets as revenue in the period in which they are received.

In addition, a significant amount of donated services are contributed to the Association by various individuals who volunteer their time and perform a variety of tasks that assist the Association with specific programs and various committee assignments. The Association estimates to have received more than 2,265 volunteer hours during 2022 and 2,070 during 2021 from approximately 167 volunteers in 2022 and 93 volunteers in 2021. The value of these services is not reflected in these consolidated financial statements because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses are charged to programs and supporting services based on both the direct assignment of costs and allocation of costs based on reasonable methods such as square footage and full-time equivalent. Certain costs have been allocated among program services and supporting services, as determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Employee parking	Full time equivalent and usage
Building services	Square footage
Information technology	Full time equivalent and usage

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Association is a nonprofit organization that has been granted an exemption from federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to its tax-exempt purpose. The Association had no unrelated business income during 2022 or 2021. The Association is similarly classified by the State of Illinois.

The Association files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois.

Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of August 31, 2022 and 2021, the Association had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Concentration of Credit Risk

The Association maintains cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Effects of Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. In May 2020, the FASB approved a one year deferral of this standard for non-public entities, with a revised effective date for fiscal years beginning after December 15, 2021. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the consolidated financial statements and related disclosures.

Subsequent Events

The Association has evaluated subsequent events for potential recognition and/or disclosures through August 8, 2023, the date the consolidated financial statements were available to be issued. See Notes 7, 17 and 18.

2. LIQUIDITY

The Association had $7,642,716 and $9,771,044 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position at August 31, 2022 and 2021, respectively. Financial assets subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position have been excluded.

The table below presents financial assets available for general expenditure, within one year at August 31:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 2,590,019	$ 4,344,299
Short-term investments	4,353,270	4,245,097
Accounts receivable	521,872	440,813
Pledges and grants receivable - without purpose restrictions due within one year	177,555	740,835
Financial Assets Available to Meet General Expenditures Within One Year	$ 7,642,716	$ 9,771,044

The Association's goal is to maintain financial assets consisting of cash and short-term investments on hand to meet sixty days of operating expenditures. On average, sixty days of operating expenditures is approximately $2,387,000. Also, the Association strives to achieve YMCA of the USA benchmark standards for liquidity as measured by the months of cash and cash equivalents available metric, and the current ratio. The months of cash available ratio indicates how long the Association can operate with the existing cash at current expense levels. The Association had 5.8 months of cash and short-term investments available to meet current expenditures at August 31, 2022.

The Association structures its financial assets to be available for general expenditures, liabilities and other obligations due. In addition, as part of its liquidity management, the Association invests cash in excess of requirements in investment accounts. In July 2021, the Association obtained a revolving line of credit with a bank in the amount of $500,000. The Association has not utilized the revolving line of credit as of the financial statement date.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 -Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS- Continued

Investments consist of the following at August 31:

	2022			
		Fair Value Measurements Using:		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. treasuries	$ 3,344,831	$ 3,344,831	$ -	$ -
Exchange traded funds	3,877,744	3,877,744		
Total Investments at Fair Value	7,222,575	$ 7,222,575	$ -	$ -
Cash and cash equivalents	475,526			
Total Investments	$ 7,698,101			

	2021			
		Fair Value Measurements Using:		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity index mutual funds				
Total international stock index	$ 843,351	843,351	$ -	$ -
Total stock market index	2,118,123	2,118,123		
Fixed income funds				
Inter-term invest	516,201	516,201		
Short-term invest	338,532	338,532		
Total international bond index	414,191	414,191		
Total bond market index	858,339	858,339		
Ultra short term bond	3,390,364	3,390,364		
Total Investments at Fair Value	$ 8,479,101	$ 8,479,101	$ -	$ -

4. OPENING AND CLOSING BALANCES OF CONTRACT ASSETS AND LIABILITIES

The following table provides information about accounts receivable and deferred revenue balances at:

	August 31, 2022	August 31, 2021	September 1, 2020
Accounts receivable, net	$ 521,872	$ 440,813	$ 85,879
Deferred program and camp fee revenue	276,375	370,545	396,092
Deferred membership dues	60,206	44,922	48,795

5. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable represent unconditional promises to give.

Pledges and grants receivable are expected to be collected as follows at August 31:

	2022	2021
Less than one year	$ 468,595	$ 930,554
One to five years	37,000	3,500
	505,595	934,054
Less: Discount to net present value	4,047	614
Less: Allowance for uncollectible pledges	27,780	18,641
Net pledges and grants receivable	$ 473,768	$ 914,799

The discount rate used in determining the net present value of pledges and grants receivable is 4%.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2022	2021
Land	$ 1,142,512	$ 1,142,512
Land improvement	49,215	49,215
Building	2,610,099	2,610,099
Building improvements	22,133,888	21,849,833
Furniture and equipment	4,621,666	4,625,727
Computer hardware	230,164	292,503
Computer software	140,240	140,991
Vehicles	281,498	275,273
Construction in progress	476,630	339,985
	31,685,912	31,326,138
Accumulated depreciation and amortization	18,886,017	18,155,809
Net Property and Equipment	$12,799,895	$ 13,170,329
Depreciation and Amortization Expense	$ 872,371	$ 935,293
Loss on abandonment of construction in progress	$ -	$ 240,319

During the year ended August 31, 2021, the Association had a loss on the abandonment of pre-construction capital expenditures for the Camp Echo Major Gift Initiative project. The consolidated statement of functional expense includes $240,319 in outside consultants and professional services expense within the management and general category associated with the asset disposal.

7. MORTGAGES AND NOTES PAYABLE

Mortgages Payable

On May 29, 2014 the Association entered into two 7 year mortgages with a bank totaling $5,600,000, at 1.3% over the variable rate index (LIBOR Rate), secured by the Association owned real property in Evanston, Illinois. The amounts borrowed under these mortgages were $4,592,000 and $1,008,000. The first required principal payments on these mortgages totaling $100,000 was paid in June, 2014. Per an agreement dated July 22, 2014, the terms of the original mortgage were slightly modified and annual principal payments of $400,000 were due on June 15 commencing June 15, 2015 and ending with a balloon payment of $3,097,109 on June 15, 2021. The balloon payment was financed by an unsecured promissory note as disclosed later in this Note 7. Interest expense for the year ended August 31, 2021 was $45,636.

7. MORTGAGES AND NOTES PAYABLE – Continued

Mortgages Payable - Continued

In November 2010, the Association entered into an interest rate cap agreement (Cap) with a notional principal amount of $5,000,000. The Association had a variable mortgage rate of LIBOR plus 1.3 percentage points over the index. The interest rate swap agreement capped the borrower's LIBOR rate at 4.28% (3% CAP rate with 70% floating rate option). This interest rate cap agreement was terminated during the year ended August 31, 2021.

Unsecured Promissory Note

On July 14, 2021, an unsecured promissory note with a bank was executed in the amount of $3,464,258. The proceeds were loaned to the Association to provide funds to pay off the mortgages as disclosed previously in this Note 7. The promissory note requires monthly payments of $16,784, including interest at a fixed rate of 3.15% per annum, and matures July 14, 2031, ending with a balloon payment of $2,407,792. At August 31, 2022 and 2021, the balance of the note was $3,364,541 and $3,456,870, respectively, and interest expense amounted to $109,077 and $9,397 for the years ended August 31, 2022 and 2021, respectively. The note agreement requires certain financial covenants and negative covenants be maintained.

At August 31, 2022, the Association was out of compliance with the debt service coverage ratio. In addition, subsequent to year end, the Association was out of compliance with the required debt service coverage ratio for the quarters ended November 30, 2022, February 28, 2023 and May 31, 2023. The lender has not waived the covenant requirements. As such, the entire balance due on the unsecured promissory note at August 31, 2022 is presented as current in the future maturities table on page 22. While the lender could call the note under the existing arrangement, management, in conjunction with the lender's recommendations is working with an outside consultant to accelerate the post-pandemic recovery and restore the Association to a break-even cash flow. Managements' fundraising strategy, and all programs and offerings are being evaluated as to their relative contribution to the Association's mission and profitability. Management and the consultant are working in tandem to present the lender with a revised budget including management's plan of action and key strategies and tactics. Management expects to have a revised agreement and a formal approved plan of action by October 31, 2023. Conversely, if the lender does not approve management's changes, contingency plans are underway to potentially pay the debt with Association resources and/or seek out a lender with additional flexibility to support the Association's turnaround strategy.

The Association was in compliance with the financial covenants at August 31, 2021.

Revolving Line of Credit

On July 14, 2021, the Association obtained a two year $500,000 line of credit with a bank in conjunction with the debt refinancing. Interest is payable monthly at the federal funds rate plus 1.35%. No amounts were drawn on this line of credit during the years ended August 31, 2022 and 2021.

7. MORTGAGES AND NOTES PAYABLE – Continued

Business Loan

On January 7, 2021, the Association obtained a five year unsecured business loan in the amount of $112,178 to finance capital improvements. The loan requires monthly payments of $2,066, including interest at a fixed rate of 3.95% per annum, and matures January 7, 2026. At August 31, 2022 and 2021, the loan balance was $78,962 and $100,130, respectively, and interest expense amounted to $3,625 and $2,414 for the years ended August 31, 2022 and 2021, respectively.

Economic Injury Disaster Loan

On October 26, 2020, the Association obtained an Economic Injury Disaster Loan (EIDL) from the United States Small Business Administration (SBA) under its assistance program in light of the impact of the COVID-19 pandemic on the Association's operations. The principal amount of the EIDL is $150,000, with proceeds to be used for working capital purposes. Interest on the EIDL is deferred through April 2023 and accrues at the rate of 2.75% per year. Installment payments, including principal and interest, are due monthly beginning 30 months from the date of the EIDL in the amount of $687. The balance of principal and interest is payable thirty years from the date of the promissory note. The EIDL loan is subject to a Uniform Commercial Code (UCC) lien per the terms of the loan. Interest expense for the years ended August 31, 2022 and 2021 amounted of $3,596 and $2,998, respectively, and was accrued to the EIDL balance.

Loan Payable, Paycheck Protection Program

On April 29, 2020, the Association entered into an agreement with a lender and the SBA to obtain a Paycheck Protection Program (PPP) loan offered as a result of the Coronavirus Aid, Relief and Economic Security Act (CARES). The PPP loan is intended to help certain small businesses and nonprofits stay afloat during the COVID-19 pandemic. The loan in the amount of $1,751,343 provided for interest at a rate of 1% and was scheduled to mature on April 29, 2025. The PPP loan was eligible for forgiveness if the Association met certain criteria including utilization of the loan for eligible expenses and maintaining or restoring employee counts and salary levels to pre-pandemic amounts. The Association adopted the policy to record the PPP loan under the guidance of FASB ASC 470 *Debt*. The PPP loan and interest in the amount of $17,903 was forgiven during the year ended August 31, 2021, and included in other revenues on the statement of activities.

On February 8, 2021, the Association was approved for a second round of PPP funding offered as a result of the Economic Aid to Hard-Hit Small Business, Nonprofits and Venues Act. This loan, in the amount of $1,751,343 was scheduled to mature on February 8, 2026 and included substantially similar terms as the first PPP loan, including interest at a rate of 1%, a deferral of payments and an opportunity for the loan to be forgiven if the Association met certain criteria. The PPP loan and interest in the amount of $21,989 was forgiven during the year ended August 31, 2022, and included in other revenues on the statement of activities.

7. MORTGAGES AND NOTES PAYABLE – Continued

Future Maturities

Future maturities of notes payable are as follows as of August 31:

Year Ending August 31,	Amount
2023	$ 3,387,866
2024	26,882
2025	27,932
2026	14,332
2027	4,300
Thereafter	138,785
Total	$ 3,600,097

8. CAPITAL LEASES

The Association has financed equipment under various capital lease agreements. The asset and liability accounts for the capital leases are recorded at the fair value of the assets. The debt obligation represents the present value of the balance due in the future years for the leases.

The Association acquired $4,715 of property and equipment through the assumption of a capital lease during the year ended August 31, 2021. These transactions have been treated as noncash financing and investing activities in the consolidated statement of cash flows.

Future minimum lease payments under the capital leases total $11,143 and are due during the year ending August 31, 2023, of which $46 represents interest.

The composition of the net book value of assets financed under capital leases was as follows at August 31:

	2022	2021
Computer hardware	$ 4,715	$ 75,458
Furniture and equipment	121,425	121,425
Building improvements	189,470	189,470
Vehicles	3,855	3,855
	319,465	390,208
Less: Accumulated depreciation	79,643	118,604
Net Book Value	$ 239,822	$ 271,604

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the following at August 31:

	2022	2021
Time restricted:		
Pledges and grants receivable	$ 49,164	$ 41,465
Purpose restricted:		
Accumulated endowment earnings	116,978	553,237
Camp Echo	1,199,849	1,221,968
Carlyle E. and Elizabeth W. Anderson Fund, general purpose		18,956
Food Research and Action Center meal assistance		40,000
Residence renovation project	375,036	92,238
Robert Ingram Leitch Memorial Fund for Camp Echo scholarships, membership and youth programs	50,000	50,000
Serving older adults	50,000	
Restricted in Perpetuity:		
Brenner Runs Through It Scholarship Endowment Fund for Camp Echo	55,840	55,840
Davee Foundation Endowment Fund for Camp Echo scholarships	1,000,000	1,000,000
Davee Foundation Endowment Fund for Camp Echo equipment	100,000	100,000
Davee Foundation Endowment Fund for residence scholarship	1,000,000	1,000,000
Dennis Newton Endowment Fund for Camp Echo scholarships	61,067	61,067
James D. Vail Endowment Fund for youth programs	147,000	147,000
Kristin Kent Nature Trail Fund for Camp Echo trail maintenance	25,200	25,200
Richard C. Romano Endowment Fund for youth and family programs	102,016	102,016
Roth Holtz Fund for youth programs	9,425	9,425
Total Net Assets With Donor Restrictions	$4,341,575	$4,518,412

9. NET ASSETS WITH DONOR RESTRICTIONS - Continued

The principal of $50,000 for the Robert Ingram Leitch Memorial Fund was donated on October 13, 1972. The principal is restricted for 50 years under the terms of Mr. Leitch's will. Investment earnings will be distributed to support youth programs annually.

Certain pledges receivable are restricted for specific purposes by the donors and the remaining are time restricted. Camp Echo amounts are restricted for capital expenditures and for scholarship purposes.

10. DONOR DESIGNATED ENDOWMENT FUNDS

The Association adopted the Codification standards for "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The Codification provides guidance as well as additional disclosures that are required for an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

As the State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing on or established after that date, the Board of Directors determined that the majority of the Association's net assets restricted in perpetuity meet the definition of endowment funds under UPMIFA. Based on the Association's interpretation of UPMIFA, Association management reviewed all of its endowment funds, and created a document stating the "purpose" for each fund and the board reviewed and approved all fund designations.

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

1. The duration and preservation of the fund;
2. The purpose of the Association and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Association; and
7. The investment policies of the Association.

10. DONOR DESIGNATED ENDOWMENT FUNDS - Continued

Endowment Investment and Spending Policies

The Association has adopted investment and spending polices, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Association's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 4%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places an emphasis on U.S. Government bonds, corporate bonds, money market, and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Association's various endowed funds to support the mission of the Association. As part of the annual budgeting process of the Association, the Investment Committee shall authorize an amount to be transferred to the operating account of the Association. Such amounts will generally fall in the range of 0-4% of Fund assets. If the amount so authorized exceeds 5% of the Fund assets in any year, the authorization must be ratified by the Board of Directors prior to inclusion in the proposed budget. The portion of this income related to donor designated endowment assets are allocated directly to fund specified program activities each year. Over the long-term, the Association expects its current spending policy to allow its investment assets to grow. This is consistent with the Association's objective to maintain the purchasing power of investment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund are as follows as of August 31:

	2022	2021
Donor-Restricted Endowment Funds	$ 2,617,526	$ 3,053,785

10. DONOR DESIGNATED ENDOWMENT FUNDS - Continued

Changes in endowment net assets are as follows for the years ended August 31:

	2022	2021
Endowment Net Assets, Beginning of Year	$ 3,053,785	$ 2,766,490
Interest and dividends	68,481	48,444
Net apppreciation (depreciation)	(504,740)	315,936
Amounts appropriated for expenditure		(77,085)
Endowment Net Assets, End of Year	$ 2,617,526	$ 3,053,785

11. CONCENTRATION OF CONTRIBUTIONS

Approximately 27% of the total contributions and grants revenue was concentrated among one major stimulus funding source during the year ended August 31, 2022. The consolidated statement of financial position for the year ended August 31, 2022 includes pledges and grants receivable from this funding source in the amount of $57,399.

Approximately 50% of the total contributions and grants revenue was concentrated among two major stimulus funding sources during the year ended August 31, 2021. The consolidated statement of financial position for the year ended August 31, 2021 includes pledges and grants receivable from these funding sources in the amount of $601,237.

The Association also received donations from a single foundation of $1,300,000 which comprises 22% of the total contributions and grants revenue for the year ended August 31, 2021.

12. FEE ASSISTANCE

Fee assistance by program consists of the following for the years ended August 31:

	2022	2021
Membership and program fees	$ 199,329	$ 261,822
Children's center fees	486,158	506,570
Camp Echo fees	236,714	221,309
Residence fees	97,850	96,148
Total Fee Assistance	$ 1,020,051	$ 1,085,849

13. LEASED FACILITIES AND EQUIPMENT

The Association leases space for day care/child care center, recreational programs and office and meeting space at St. Mary's Parish in Evanston under the terms of an operating lease agreement through June 30, 2025 at a monthly rate of $22,324.

The Association leases office space with Family Focus under the terms of an operating lease agreement through June 30, 2023 at a monthly rate of $4,035.

The Association has a month-to-month lease contract with CH Ventures, LLC to utilize a parking lot at a monthly rate of $3,920.

Facility rental expense, inclusive of other occupancy costs, was $383,341 and $386,416 for the years ended August 31, 2022 and 2021, respectively.

In addition, the Association leases vehicles under the terms of an operating lease through January 2027 at a monthly rate of $3,900.

Future minimum rental payments under the leases are as follows:

Year Ending August 31,	Facilities	Vehicles	Total
2023	$ 308,239	$ 46,800	$ 355,039
2024	267,893	46,800	314,693
2025	223,244	46,800	270,044
2026		46,800	46,800
2027		19,500	19,500
Aggregate Future Minimum Rentals	$ 799,376	$ 206,700	$ 1,006,076

14. RETIREMENT PLAN

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

14. RETIREMENT PLAN - Continued

In accordance with the current agreement, contributions for the YMCA Retirement Fund Retirement Plan is ten percent of the participating employees' salary. These amounts are paid by the Association. Total contributions charged to retirement costs aggregated $478,808 and $454,641 for the years ended August 31, 2022 and 2021, respectively.

15. RELATED PARTY

The Association pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended August 31, 2022 and 2021 were $126,817 and $156,846, respectively.

The Association received contributions from management and board members for the years ended August 31, 2022 and 2021 in the amounts of $16,370 and $20,768, respectively.

16. CONDITIONAL CONTRIBUTIONS

The Association receives grant awards with conditional promises to give. Conditional promises to give are not included as pledges and grants receivable until such time as the conditions are substantially met.

The Association was awarded Child Care Restoration Grants during the years ended August 31, 2022 and 2021 and determined these grants to be conditional. The Association recognized revenue in the amount of $459,192 and $898,531 for the years ended August 31, 2022 and 2021, respectively, as funds were utilized for child care programs in satisfaction of grant spending requirements. The amounts receivable for expenses incurred but not yet reimbursed are $57,399 and $140,238 at August 31, 2022 and 2021, respectively, and are included on the consolidated statement of financial position as contributions and grants receivable. The Association expects to recognize the remaining conditional pledge in the amount of $114,798 as conditions are met, through the end of the grant period at December 31, 2022.

During the year ended August 31, 2022, the Association was awarded a $100,000 grant conditioned upon participation in an Advancing Equity through Leadership Development cohort program. The Association received $50,000 upon execution of the grant agreement which is reflected as deferred contributions on the consolidated statement of financial position at August 31, 2022. The Association did not recognize revenue during the year ended August 31, 2022 but expects to recognize revenue as conditions are met through the end of the grant period in June 2023.

17. COMMITTMENTS

Subsequent to year end, in October 2022, the Association entered into an arrangement with a contractor for Camp Echo dining deck expansion. The estimated total cost of the project is $1,119,000. This cost will be covered by previously raised funds for Camp Echo major gift initiative and is expected to be completed in two parts. The first portion of the project was completed in May 2023, and includes the dining hall front deck and access ramps. The remaining portion of the project is estimated to be completed by December 2023.

18. CHANGE IN FISCAL YEAR END

Subsequent to year end, in April 2023, the Association changed its fiscal year from August 31 to December 31.