

# **McGaw YMCA**

**Consolidated Financial Statements**

**Year Ended December 31, 2024  
and Sixteen Months Ended December 31, 2023**

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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 December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year and sixteen months 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 December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the year and sixteen months 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  
September 9, 2025

**MCGAW YMCA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 872,769	\$ 1,202,195
Investments, at fair value - Note 3	4,746,104	6,532,532
Accounts receivable, net of allowance of \$135,988 and \$255,707 at December 31, 2024 and 2023 - Notes 4 and 5	418,184	505,388
Inventory	24,756	28,330
Pledges and grants receivable, net, as restated in 2023 - Notes 6 and 18	293,813	282,735
Prepaid expenses	225,015	183,898
Operating lease right-of-use assets - Note 9	239,783	555,691
Property and equipment, net - Note 7	<u>13,519,393</u>	<u>13,647,627</u>
 Total Assets	 <u>\$ 20,339,817</u>	 <u>\$ 22,938,396</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Notes payable - Note 8	\$ 2,820,208	3,443,536
Operating lease liabilities - Note 9	239,783	555,691
Accounts payable and other accrued expenses	436,159	894,557
Accrued wages and payroll taxes	260,535	173,479
Accrued vacation	455,714	421,687
Deferred contributions - Note 15	186,857	252,433
Deferred program and camp fee revenue - Note 4	290,858	280,560
Deferred membership dues - Note 4	46,208	81,059
Funds held - YMCA sponsored groups	<u>16,133</u>	<u>16,973</u>
 Total Liabilities	 <u>4,752,455</u>	 <u>6,119,975</u>
 <b>Net Assets</b>		
Net assets without donor restrictions	10,785,134	12,324,822
Net assets with donor restrictions, as restated in 2023 - Notes 10, 11 and 18	<u>4,802,228</u>	<u>4,493,599</u>
 Total Net Assets	 <u>15,587,362</u>	 <u>16,818,421</u>
 Total Liabilities and Net Assets	 <u>\$ 20,339,817</u>	 <u>\$ 22,938,396</u>

The accompanying notes are an integral part of this statement.

MCGAW YMCA  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024 AND SIXTEEN MONTHS ENDED DECEMBER 31, 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>						
Support						
Contributions and grants, as restated in 2023 - Notes 14, 15 and 18	\$ 1,303,784	\$ 523,583	\$ 1,827,367	\$ 1,974,878	\$ 1,453,074	\$ 3,427,952
Special event revenue	276,442		276,442	40,952		40,952
Less: cost of direct benefit to donors	(138,188)		(138,188)			
Net assets released from restrictions						
Expiration of purpose restrictions	398,644	(398,644)		1,562,936	(1,562,936)	
Expiration of time restrictions	50,000	(50,000)		92,299	(92,299)	
Total Support	<u>1,890,682</u>	<u>74,939</u>	<u>1,965,621</u>	<u>3,671,065</u>	<u>(202,161)</u>	<u>3,468,904</u>
Program Revenues						
Membership and programs	5,762,918		5,762,918	6,334,143		6,334,143
Residence, net of community contribution	1,064,777		1,064,777	1,534,552		1,534,552
Children's Center	5,854,750		5,854,750	7,459,316		7,459,316
Camp Echo	2,980,297		2,980,297	2,894,228		2,894,228
Fee assistance - Note 12	(1,123,265)		(1,123,265)	(1,172,861)		(1,172,861)
Total Program Revenues	<u>14,539,477</u>		<u>14,539,477</u>	<u>17,049,378</u>		<u>17,049,378</u>
Other Revenues						
Interest and dividends	172,960	90,624	263,584	158,611	114,233	272,844
Realized/unrealized net gains on investments	22,068	143,066	165,134	171,358	239,952	411,310
Miscellaneous	147,165		147,165	164,400		164,400
Total Other Revenues, net	<u>342,193</u>	<u>233,690</u>	<u>575,883</u>	<u>494,369</u>	<u>354,185</u>	<u>848,554</u>
Total Revenues, Gains and Other Support	<u>16,772,352</u>	<u>308,629</u>	<u>17,080,981</u>	<u>21,214,812</u>	<u>152,024</u>	<u>21,366,836</u>
<b>Expenses</b>						
Program services						
Membership and programs	5,063,093		5,063,093	6,742,481		6,742,481
Residence	1,220,841		1,220,841	1,559,890		1,559,890
Children's Center	5,996,434		5,996,434	7,459,443		7,459,443
Camp Echo	2,759,600		2,759,600	2,820,478		2,820,478
Total Program Services	<u>15,039,968</u>		<u>15,039,968</u>	<u>18,582,292</u>		<u>18,582,292</u>
Supporting services						
Management and general	2,278,014		2,278,014	3,293,751		3,293,751
Fundraising	581,780		581,780	870,617		870,617
Marketing	412,278		412,278	561,684		561,684
Total Supporting Services	<u>3,272,072</u>		<u>3,272,072</u>	<u>4,726,052</u>		<u>4,726,052</u>
Total Expenses	<u>18,312,040</u>		<u>18,312,040</u>	<u>23,308,344</u>		<u>23,308,344</u>
Change in Net Assets, as restated in 2023 - Note 18	(1,539,688)	308,629	(1,231,059)	(2,093,532)	152,024	(1,941,508)
<b>Net Assets</b>						
Beginning of period	12,324,822	4,493,599	16,818,421	14,418,354	4,341,575	18,759,929
End of period, as restated in 2023 - Note 18	<u>\$ 10,785,134</u>	<u>\$ 4,802,228</u>	<u>\$ 15,587,362</u>	<u>\$ 12,324,822</u>	<u>\$ 4,493,599</u>	<u>\$ 16,818,421</u>

The accompanying notes are an integral part of this statement.

MCGAW YMCA  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024

	Program Services				Total Program Services	Supporting Services			Cost of Direct Benefit to Donors	Total Expenses	
	Membership and Programs	Residence	Children's Center	Camp Echo		Management and General	Fundraising	Marketing			Total Supporting Services
Wages and salaries	\$ 2,662,350	\$ 544,374	\$ 3,629,431	\$ 1,198,610	\$ 8,034,765	\$ 1,027,399	\$ 176,270	\$ 237,491	\$ 1,441,160	\$ -	\$ 9,475,925
Employee benefits - Note 13	529,461	127,946	928,965	184,193	1,770,565	263,204	47,099	69,217	379,520		2,150,085
Independent contractors	37,702		8,480	42,416	88,598	60,727	241,517		302,244		390,842
Outside consultants and professional services		360		1,500	1,860	121,692	57,490	13,858	193,040		194,900
Program supplies	159,514	42,684	520,695	520,545	1,243,438	5,537	571	714	6,822		1,250,260
Administrative and office support	7,576	2,540	8,242	7,813	26,171	53,402	415	922	54,739		80,910
System support and maintenance	43,890	21,624	65,455	33,095	164,064	135,490	35,411	25,277	196,178		360,242
Building maintenance and supplies	430,134	177,404	194,554	149,688	951,780	5,541	2,687	1,623	9,851		961,631
Facility rental - Note 9	11,148	5,080	349,363	8,524	374,115	2,912	343	447	3,702		377,817
Promotion and advertising	4,416		135	1,299	5,850		1,043	51,815	52,858		58,708
Catering and other special event costs			357	974	1,331	1,062	33		1,095	138,188	140,614
Development and learning	9,181	(310)	12,837	13,801	35,509	28,083	1,127	495	29,705		65,214
Staff and volunteer leadership meetings	2,251	513	24,369	2,568	29,701	23,733	519	2	24,254		53,955
Staff travel and meal	2,356	89	23	3,469	5,937	11,682	1,601	50	13,333		19,270
Dues and subscriptions - Note 14	79,174	15,564	78,407	45,458	218,603	11,437	3,057	251	14,745		233,348
Postage and mailing services			90	4,277	4,367	246	2,278	4,975	7,499		11,866
Telephone and internet access fees	40,223	16,237	33,077	19,175	108,712	8,364	403	1,724	10,491		119,203
Utilities	320,382	87,172	56,225	85,859	549,638	4,127	2,001	1,209	7,337		556,975
Vehicle rental and expenses	2,962	1	47,028	185,506	235,497						235,497
Property and liability insurance	138,803	37,767		51,345	227,915	1,788	867	524	3,179		231,094
Bank fees and other interest - Note 8						279,190	4,465		283,655		283,655
Promissory note interest - Note 8	102,214				102,214						102,214
License and taxes	6,989	132	1,377	12,605	21,103	6	3	2	11		21,114
Bad debts - Note 5						225,224			225,224		225,224
<b>Total Expenses Before Depreciation and Amortization Expense</b>	<b>4,590,726</b>	<b>1,079,177</b>	<b>5,959,110</b>	<b>2,572,720</b>	<b>14,201,733</b>	<b>2,270,846</b>	<b>579,200</b>	<b>410,596</b>	<b>3,260,642</b>	<b>138,188</b>	<b>17,600,563</b>
Depreciation and Amortization Expenses - Note 7	472,367	141,664	37,324	186,880	838,235	7,168	2,580	1,682	11,430		849,665
<b>Total</b>	<b>5,063,093</b>	<b>1,220,841</b>	<b>5,996,434</b>	<b>2,759,600</b>	<b>15,039,968</b>	<b>2,278,014</b>	<b>581,780</b>	<b>412,278</b>	<b>3,272,072</b>	<b>138,188</b>	<b>18,450,228</b>
Less: Expenses included in revenues on consolidated statement of activities											
Cost of direct benefit to donors										(138,188)	(138,188)
<b>Total Functional Expenses</b>	<b>\$ 5,063,093</b>	<b>\$ 1,220,841</b>	<b>\$ 5,996,434</b>	<b>\$ 2,759,600</b>	<b>\$ 15,039,968</b>	<b>\$ 2,278,014</b>	<b>\$ 581,780</b>	<b>\$ 412,278</b>	<b>\$ 3,272,072</b>	<b>\$ -</b>	<b>\$ 18,312,040</b>
Percentage of Total Expenses	27.65%	6.67%	32.75%	15.07%	82.13%	12.44%	3.18%	2.25%	17.87%		100.00%

The accompanying notes are an integral part of this statement.

MCGAW YMCA  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
SIXTEEN MONTHS ENDED DECEMBER 31, 2023

	Program Services				Total Program Services	Supporting Services			Total Supporting Services	Total Expenses
	Membership and Programs	Residence	Children's Center	Camp Echo		Management and General	Fundraising	Marketing		
Wages and salaries	\$ 3,554,617	\$ 729,916	\$ 4,425,350	\$ 1,213,852	\$ 9,923,735	\$ 1,194,074	\$ 459,218	\$ 307,752	\$ 1,961,044	\$ 11,884,779
Employee benefits - Note 13	746,466	172,900	1,189,256	178,959	2,287,581	323,991	95,453	84,223	503,667	2,791,248
Independent contractors	47,229		26,365	42,747	116,341	529,024	170,112		699,136	815,477
Outside consultants and professional services	50,940	219		7,105	58,264	243,730	15,605	58,906	318,241	376,505
Program supplies	250,443	64,222	659,015	510,429	1,484,109	9,961	2,084	1,341	13,386	1,497,495
Administrative and office support	8,762	2,418	12,852	10,120	34,152	38,511	4,816	2,163	45,490	79,642
System support and maintenance	53,357	35,923	87,001	39,006	215,287	180,103	42,175	34,408	256,686	471,973
Building maintenance and supplies	560,657	180,049	248,835	130,342	1,119,883	7,295	3,283	2,262	12,840	1,132,723
Facility rental - Note 9	15,473	7,495	475,461	9,257	507,686	3,763	1,016	652	5,431	513,117
Promotion and advertising	5,713			324	6,037		4,218	56,025	60,243	66,280
Fundraising expenses	91		2,916		3,007	75	41,336		41,411	44,418
Development and learning	13,225	740	16,758	12,264	42,987	10,276	3,159	175	13,610	56,597
Staff and volunteer leadership meetings	6,102	181	20,899	8,016	35,198	56,399	3,711	1	60,111	95,309
Staff travel and meal	5,849	207	376	7,524	13,956	3,389	6,147	727	10,263	24,219
Dues and subscriptions - Note 14	84,567	21,456	99,913	42,272	248,208	9,643	5,520	250	15,413	263,621
Postage and mailing services	30		27	5,158	5,215	309	1,200	6,111	7,620	12,835
Telephone and internet access fees	48,527	21,458	43,215	24,933	138,133	11,295	1,146	2,336	14,777	152,910
Utilities	332,921	90,584	69,141	96,327	588,973	4,332	1,949	1,343	7,624	596,597
Vehicle rental and expenses	4,276	28	34,660	203,390	242,354	1	1		2	242,356
Property and liability insurance	143,112	38,939		53,067	235,118	1,862	838	577	3,277	238,395
Bank fees and other interest - Note 8						302,409	4,379		306,788	306,788
Promissory note interest - Note 8	140,841				140,841					140,841
License and taxes	11,706	5,263	330	21,231	38,530	51	6	4	61	38,591
Bad debts - Note 5						353,406			353,406	353,406
<b>Total Expenses Before Depreciation and Amortization Expense</b>	<b>6,084,904</b>	<b>1,371,998</b>	<b>7,412,370</b>	<b>2,616,323</b>	<b>17,485,595</b>	<b>3,283,899</b>	<b>867,372</b>	<b>559,256</b>	<b>4,710,527</b>	<b>22,196,122</b>
Depreciation and Amortization Expenses - Note 7	657,577	187,892	47,073	204,155	1,096,697	9,852	3,245	2,428	15,525	1,112,222
<b>Total Functional Expenses</b>	<b>\$ 6,742,481</b>	<b>\$ 1,559,890</b>	<b>\$ 7,459,443</b>	<b>\$ 2,820,478</b>	<b>\$ 18,582,292</b>	<b>\$ 3,293,751</b>	<b>\$ 870,617</b>	<b>\$ 561,684</b>	<b>\$ 4,726,052</b>	<b>\$ 23,308,344</b>
Percentage of Total Expenses	28.93%	6.69%	32.00%	12.10%	79.72%	14.13%	3.74%	2.41%	20.28%	100.00%

The accompanying notes are an integral part of this statement.

**MCGAW YMCA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024 AND SIXTEEN MONTHS ENDED DECEMBER 31, 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,231,059)	\$ (1,941,508)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	849,665	1,112,222
Gain on disposition of property and equipment		(5,386)
Realized/unrealized net gains on investments	(165,134)	(411,310)
Operating lease cost	329,233	509,449
Increase (decrease) in allowance for uncollectible receivables and pledges	(94,032)	139,481
Net (increase) decrease in assets		
Accounts receivable	206,923	(138,869)
Inventory	3,574	(1,944)
Pledges and grants receivable	(36,765)	206,905
Prepaid expenses	(41,117)	(113,845)
Net increase (decrease) in liabilities		
Operating lease liabilities	(329,233)	(509,449)
Accounts payable and other accrued expenses	(458,398)	261,232
Accrued wages and payroll taxes	87,056	(217,988)
Accrued vacation	34,027	36,962
Deferred contributions	(65,576)	202,433
Deferred program and camp fee revenue	10,298	4,185
Deferred membership dues	(34,851)	20,853
Funds held - YMCA sponsored groups	(840)	4,100
Net Cash Used for Operating Activities	<u>(936,229)</u>	<u>(842,477)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(721,431)	(1,969,195)
Proceeds from sale of property and equipment		14,627
Proceeds from sales of investments	12,171,132	6,529,325
Purchases of investments	<u>(10,219,570)</u>	<u>(4,952,446)</u>
Net Cash Provided by (Used) for Investing Activities	<u>1,230,131</u>	<u>(377,689)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on notes payable	(623,328)	(156,561)
Principal payments on capital lease obligations		<u>(11,097)</u>
Net Cash Used for Financing Activities	<u>(623,328)</u>	<u>(167,658)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(329,426)	(1,387,824)
<b>Cash and Cash Equivalents</b>		
Beginning of period	<u>1,202,195</u>	<u>2,590,019</u>
End of period	<u>\$ 872,769</u>	<u>\$ 1,202,195</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	<u>\$ 111,466</u>	<u>\$ 148,327</u>

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 10,000 members and another 807 community participants enjoy health and wellness through a fully equipped fitness center, personal training options and targeted programs for all age groups, an aquatic program that includes swim lessons for all ages, youth and adult swim teams, aqua fitness classes, and free lessons for community youth in our two pools. We provide year-round educational and youth programs at 2 sites, the Children's Center and Family Focus. The Children's center serves youth ages 6 weeks through 5 years old in 11 classrooms as well as 4 classrooms for afterschool, school non-attendance days and break week programs. In our main building we provide youth in grades 6-8 afterschool and summer STEAM programming at Meta Media. We provide youth programming in the Family Focus building located in the underserved fifth ward of Evanston. Head Start and Afterschool programs for K-5th graders, as well as a Meta Media STEAM afterschool and summer site for 6<sup>th</sup> to 8<sup>th</sup> graders. Camp Echo is our residential camp in Michigan. We serve 1,400 youth in Main Camp, Teen Camp and Adventure Trips. Finally, as part of our commitment to social responsibility, we provide free summer learning programming to over 300 children in partnership with the local school district. We also 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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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 and Allowance for Credit Losses**

Accounts receivable consisting of program fees are reported at unpaid balance less an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Association provides for losses on accounts receivable using the current expected credit loss methodology. Under this method, accounts receivable are stated at the amount management expects to collect from outstanding balances based upon the estimated credit loss for the remaining life of the accounts receivable using historical experience, current conditions, and reasonable and supportable forecasts.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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.

**Right-of-Use Asset and Lease Liability**

The Association leases space and equipment under the terms of operating lease agreements. Operating lease right-of-use (ROU) assets and operating lease obligations are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Association uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Variable lease payments are excluded for purposes of calculating the operating ROU asset and operating lease obligation. Lease payments related to periods subject to renewal options are also excluded for purposes of calculating the operating ROU asset and lease obligation unless the Association is reasonably certain to exercise the option to extend the lease. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as lease cost. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

**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. 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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Property and Equipment - Continued**

Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Building and building improvements	40
Vehicles, furniture and equipment	5 - 8
Computer hardware	3
Computer software	3

**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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**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 25<sup>th</sup> 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.

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 1,205 volunteer hours from approximately 116 volunteers during the year ended December 31, 2024 and 2,955 volunteer hours from approximately 247 volunteers during the sixteen months ended December 31, 2023. The value of these services is not reflected in these consolidated financial statements because the criteria for recognition have not been satisfied.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**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:

<u>Expense</u>	<u>Method of Allocation</u>
Certain salaries and benefits	Time and effort
Employee parking	Full time equivalent and usage
Building services	Square footage
Information technology	Full time equivalent and usage

**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 the year ended December 31, 2024 or the sixteen months ended December 31, 2023. 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 December 31, 2024 and 2023, 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 that are insured by the Federal Deposit Insurance Corporation (FDIC). The Association holds accounts with several financial institutions including a financial institution that spreads deposits across 16 community bank charters to combine individual FDIC protection to \$4,000,000 per titled account. The Association has not experienced any losses in such accounts and does not believe it is exposed to significant risk. At December 31, 2024 and 2023, balances did not exceed federally insured limits.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Subsequent Events**

The Association has evaluated subsequent events for potential recognition and/or disclosures through September 9, 2025, the date the consolidated financial statements were available to be issued. See Notes 8, 9 and 15.

**2. LIQUIDITY**

The Association had \$3,293,775 and \$5,559,826 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position at December 31, 2024 and 2023, 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 December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at end of period:		
Cash and cash equivalents	\$ 872,769	\$ 1,202,195
Investments	4,746,104	6,532,532
Accounts receivable	418,184	505,388
Pledges and grants receivable - without purpose restrictions due within one year	<u>240,573</u>	<u>184,875</u>
Less amounts not available to be used for general expenditures:		
Endowment fund net assets	<u>2,983,855</u>	<u>2,865,164</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 3,293,775</u></u>	<u><u>\$ 5,559,826</u></u>

The Association's goal is to maintain financial assets consisting of cash and investments on hand to meet sixty days of operating expenditures. On average, sixty days of operating expenditures is approximately \$2,934,000. Also, the Association strives to achieve the same level (2.0 months) which is the YMCA of the USA benchmark standard 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 2.25 and 4.01 months of cash and investments available to meet current expenditures at December 31, 2024 and December 31, 2023, respectively.

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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued**

Investments consist of the following at December 31:

	<b>2024</b>			
	<b>Fair Value Measurements Using:</b>			
	<b>Total</b>	<b>Quoted Prices</b>		
		<b>In Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
U.S. treasuries	\$ 513,720	\$ 513,720	\$ -	\$ -
Exchange traded funds	3,523,628	3,523,628		
Total Investments at Fair Value	4,037,348	<u>\$ 4,037,348</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	708,756			
Total Investments	<u>\$ 4,746,104</u>			
	<b>2023</b>			
	<b>Fair Value Measurements Using:</b>			
	<b>Total</b>	<b>Quoted Prices</b>		
		<b>In Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
U.S. treasuries	\$ 2,742,062	\$ 2,742,062	\$ -	\$ -
Exchange traded funds	3,390,404	3,390,404		
Total Investments at Fair Value	6,132,466	<u>\$ 6,132,466</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	400,066			
Total Investments	<u>\$ 6,532,532</u>			

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. OPENING AND CLOSING BALANCES OF CONTRACT ASSETS AND LIABILITIES**

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>September 1, 2022</u>
Accounts receivable, net	\$ 418,184	\$ 505,388	\$ 521,872
Deferred program and camp fee revenue	290,858	280,560	276,375
Deferred membership dues	46,208	81,059	60,206

Revenue recognized for the year and sixteen months ended December 31, 2024 and 2023 that was included in the deferred revenue balance at the beginning of each year was \$361,619 and \$336,581, respectively.

**5. ALLOWANCE FOR CREDIT LOSSES**

The balance of and change in the allowance for credit losses for the year ended December 31, 2024 and sixteen months ended December 31, 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 255,707	\$ 100,354
Provision for bad debt expense	225,224	353,406
Write-offs directly against accounts receivable	<u>(344,943)</u>	<u>(198,053)</u>
Balance as of December 31,	<u>\$ 135,988</u>	<u>\$ 255,707</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6. 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 December 31:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 331,408	\$ 272,875
One to five years		24,000
	<u>331,408</u>	<u>296,875</u>
Less: Discount to net present value		2,232
Less: Allowance for uncollectible pledges	<u>37,595</u>	<u>11,908</u>
Net pledges and grants receivable	<u>\$ 293,813</u>	<u>\$ 282,735</u>

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

**7. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,142,512	\$ 1,142,512
Land improvement	77,015	49,215
Building	2,610,099	2,610,099
Building improvements	23,896,770	23,545,530
Furniture and equipment	4,833,044	4,658,348
Computer hardware	246,406	230,164
Computer software	140,240	140,240
Vehicles	334,198	283,198
Construction in progress	<u>972,758</u>	<u>872,305</u>
	34,253,042	33,531,611
Accumulated depreciation and amortization	<u>20,733,649</u>	<u>19,883,984</u>
Net Property and Equipment	<u>\$13,519,393</u>	<u>\$13,647,627</u>
Depreciation and Amortization Expense	<u>\$ 849,665</u>	<u>\$ 1,112,222</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. NOTES PAYABLE**

**Unsecured Promissory Note**

On July 14, 2021, an unsecured promissory note with a bank was executed in the amount of \$3,464,259. The proceeds were loaned to the Association to provide funds to pay off prior mortgages. 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 December 31, 2024 and 2023, the balance of the note was \$2,640,299 and \$3,236,839, respectively, and interest expense amounted to \$102,214 and \$140,841 for the year ended December 31, 2024 and sixteen months ended December 31, 2023, respectively. The note agreement requires certain financial covenants and negative covenants be maintained.

During the year ended December 31, 2024 and sixteen months ended December 31, 2023, the Association was out of compliance with certain financial covenants. The lender has not waived the covenant requirements. As such, the entire balance due on the unsecured promissory note at December 31, 2024 and 2023 have been presented as current in the future maturities table on page 21. See Note 17 for management's plans. The Association entered into a forbearance agreement and second amendment to the loan agreement which called for the Association to make an additional principal payment in the amount of \$500,000 during 2024.

During June 2025, the Association entered into a forbearance agreement and third amendment which is retroactively effective to February 2025. As noted in the agreement, the lender has not waived the existing defaults for the quarterly testing periods but the lender is willing to temporarily forbear from exercising certain rights and remedies available as a result of the defaults through August 31, 2025. In addition, the lender has modified the terms of certain loan covenants and may require the borrower to prepay principal amounts of \$300,000 if the covenants are not maintained and/or may increase the interest rate by 3.00%.

**Revolving Line of Credit**

On July 14, 2021, the Association obtained a two-year \$500,000 line of credit with a bank. Interest is payable monthly at the federal funds rate plus 1.35%. No amounts were drawn on this line of credit.

**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 December 31, 2024 and 2023, the loan balance was \$26,158 and \$49,391, respectively, and interest expense amounted to \$1,560 and \$3,487 for the year ended December 31, 2024 and sixteen months ended December 31, 2023, respectively.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. NOTES PAYABLE – Continued**

**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 used for working capital purposes. Interest on the EIDL was deferred through April 2023 and accrues at the rate of 2.75% per year. Installment payments, including principal and interest, are due monthly 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. The principal balance and unpaid interest totaled \$153,751 and \$157,307 at December 31, 2024 and 2023, respectively. Interest expense for the year ended December 31, 2024 and sixteen months ended December 31, 2023 amounted to \$4,136 and \$5,504, respectively.

**Future Maturities**

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 2,668,049
2026	5,583
2027	3,708
2028	3,800
2029	3,917
Thereafter	<u>135,151</u>
Total	<u>\$ 2,820,208</u>

**Subsequent Event - Refinanced Promissory Note**

On August 27, 2025, the Association refinanced the 2021 unsecured promissory note with a lending agency. The amount due on the 2025 promissory note of \$2,632,693 includes the payoff on the 2021 unsecured promissory note of \$2,585,673 plus \$47,020 in related closing costs. The 2025 promissory note provides for monthly payments of principal and interest in the amount of \$24,033 at a rate of 7.25% commencing on October 1, 2025. Interest rates will be remeasured on September 1, 2030 and on September 1, 2035 in an amount equal to the greater of the sum of the yield to maturity of United States Treasury obligations plus 300 basis points and 5.00%. The 2025 promissory note will mature on September 1, 2040 and is secured by a mortgage, assignment of leases and rents, security agreement and fixture filing encumbering real estate located in Cook County, Illinois.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. NOTES PAYABLE – Continued**

**Subsequent Event - Refinanced Promissory Note - Continued**

Future maturities of the 2025 promissory note are as follows as of December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 24,529
2026	102,670
2027	110,366
2028	118,639
2029	127,531
Thereafter	<u>2,148,958</u>
Total	<u>\$ 2,632,693</u>

**9. LEASES**

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 leased office space with Family Focus under the terms of an operating lease agreement through June 30, 2023 at a monthly rate of \$4,035. Upon expiration of the lease term, the Association has been negotiating the terms of a new lease agreement and has been paying rent in the amount of \$4,035 on a month-to-month basis. During September 2024, the Association discontinued the use of a portion of the space and have been paying \$900 per month since that time.

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

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

The Association leases equipment at various terms under operating lease agreements. The leases expire at various dates through March 2028 with payments approximating \$2,700 per month.

As of December 31, 2024 and 2023, the operating lease right-of-use asset has a balance of \$239,783 and \$555,691, respectively, as shown in other assets on the consolidated statement of financial position and includes the leases for St. Mary’s Parish, vehicles and equipment. Operating lease liability has a balance of \$239,783, of which \$181,349 represents the short term portion, and \$555,691, of which \$315,907 represents the short term portion, on the consolidated statement of financial position as of December 31, 2024 and 2023, respectively.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. LEASES - Continued**

The Association utilized available practical expedients, including the practical expedient for short-term leases which allows entities to exclude from the consolidated statement of financial position the impact of leases with a duration of twelve months or less. Therefore, the leases with Family Focus and the parking lot are excluded from the operating lease right of use asset and operating lease liability. The Association also utilized the practical expedient which allows for the use of the risk-free rate based on the information available at lease commencement.

Operating lease cost was \$329,233 and \$509,449 for the year ended December 31, 2024 and sixteen months ended December 31, 2023, respectively, and is included in facility rental expense on the accompanying consolidated statements of functional expenses.

The following summarizes the weighted-average remaining lease term and the weighted-average discount rate at December 31:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years	0.76	1.65
Weighted-average discount rate	3.48%	3.50%

Future minimum operating lease payments and reconciliation to the consolidated statement of financial position as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 185,068
2026	50,762
2027	7,862
2028	990
	<u>244,682</u>
Total future undiscounted lease payments	244,682
Less: Present value discount	4,899
	<u>4,899</u>
Lease Liabilities	<u>\$ 239,783</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. LEASES - Continued**

The following summarizes cash flow information related to the leases for the year ended December 31, 2024 and sixteen months ended December 31, 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 329,233	\$ 509,449
Lease assets obtained in exchange for lease obligations		
Operating leases		\$ 18,192

Effective July 1, 2025, the Association entered into an agreement to extend the St. Mary's Parish lease through June 30, 2030. The amendment provides for monthly base rent ranging from \$23,441 to \$28,492 over the term of the lease and provides for one additional consecutive five year option to extend. No right of use asset exists for the new lease as of December 31, 2024, as the underlying asset was not yet available for use at December 31, 2024.

Future minimum operating lease payments for the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 140,644
2026	288,320
2027	302,736
2028	317,873
2029	333,737
Thereafter	<u>170,954</u>
Total	<u>\$ 1,554,264</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2024</u>	<u>2023</u>
Time restricted:		
Pledges and grants receivable	\$ 50,000	\$ 50,000
Purpose restricted:		
Brenner Runs Through It Scholarship Endowment		
Fund for Camp Echo	10,794	8,143
Camp Echo	59,647	216,504
Davee Foundation Endowment Fund for		
Camp Echo scholarships	193,276	145,811
Davee Foundation Endowment Fund for		
Camp Echo equipment	19,328	14,581
Davee Foundation Endowment Fund for		
residence scholarship	193,276	145,811
Dennis Newton Endowment Fund for Camp		
Echo scholarships	11,806	8,906
Food Research and Action Center meal assistance		42,098
Franklin Square Foundation for residence		25,000
James D. Vail Endowment Fund for youth programs	28,414	21,437
Kristin Kent Nature Trail Endowment Fund for		
Camp Echo trail maintenance	4,873	3,677
MetaMedia	70,000	
Residence renovation project, as restated in 2023	1,638,726	1,294,833
Richard C. Romano Endowment Fund		
for youth and family programs	19,718	14,876
Roth Holtz Endowment Fund for youth programs	1,822	1,374
Subtotal	<u>\$2,301,680</u>	<u>\$1,993,051</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10. NET ASSETS WITH DONOR RESTRICTIONS - Continued**

	<u>2024</u>	<u>2023</u>
Balance Brought Forward	\$2,301,680	\$1,993,051
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 Endowment 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 Endowment Fund for youth programs	9,425	9,425
	<u>                    </u>	<u>                    </u>
Total Net Assets With Donor Restrictions, as		
restated in 2023	<u>\$4,802,228</u>	<u>\$4,493,599</u>

The principal of \$50,000 for the Robert Ingram Leitch Memorial Fund was donated on October 13, 1972. The principal was restricted for 50 years under the terms of Mr. Leitch's will. Investment earnings was distributed to support youth programs annually. The original amount was released to operations during the sixteen months ended December 31, 2023.

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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. DONOR RESTRICTED 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.

**Endowment Investment and Spending Policies**

The Association 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 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% plus a percentage equal to inflation, 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.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. DONOR RESTRICTED ENDOWMENT FUNDS - Continued**

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 be 4% of a rolling three-year average 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 December 31:

	<u>2024</u>	<u>2023</u>
Maintained in perpetuity	\$ 2,500,548	\$ 2,500,548
Accumulated earnings	483,307	364,616
Total Donor-Restricted Endowment Funds	<u>\$ 2,983,855</u>	<u>\$ 2,865,164</u>

Changes in endowment net assets are as follows for the year ended December 31, 2024 and sixteen months ended December 31, 2023:

	<u>2024</u>	<u>2023</u>
Endowment Net Assets, Beginning of Year	\$ 2,865,164	\$ 2,617,526
Interest and dividends	90,624	114,233
Net appreciation	143,066	239,952
Amounts appropriated for expenditure	<u>(114,999)</u>	<u>(106,547)</u>
Endowment Net Assets, End of Year	<u>\$ 2,983,855</u>	<u>\$ 2,865,164</u>

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. FEE ASSISTANCE**

Fee assistance by program consists of the following for the year and sixteen months ended December 31:

	<u>2024</u>	<u>2023</u>
Membership and program fees	\$ 290,048	\$ 301,984
Children's center fees	479,517	527,181
Camp Echo fees	315,597	290,477
Residence fees	<u>38,103</u>	<u>53,219</u>
Total Fee Assistance	<u>\$ 1,123,265</u>	<u>\$ 1,172,861</u>

**13. 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.

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 \$503,154 and \$609,965 for the year ended December 31, 2024 and sixteen months ended December 31, 2023, respectively.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**14. RELATED PARTY**

The Association pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the year ended December 31, 2024 and sixteen months ended December 31, 2023 were \$212,868 and \$240,833, respectively.

The Association received contributions from management and board members for the year ended December 31, 2024 and sixteen months ended December 31, 2023 in the amounts of \$21,614 and \$28,055, respectively.

**15. 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.

During the year ended December 31, 2024, the Association was awarded a \$203,460 grant conditioned upon completion of specified program activities before related funds would be made available to the Association. During 2024, the Association completed certain required program activities and recognized \$106,073 in revenue. In 2025, the Association satisfied conditions to recognize \$29,116 of revenues and received these funds. The Association was informed that the grant was terminated as of April 18, 2025,

The Association hosted gala fundraising events in January 2025 and 2024 and received \$176,857 and \$186,433 during 2024 and 2023 which is reflected as deferred contributions on the consolidated statement of financial position at December 31, 2024 and 2023, respectively. The Association recognized revenue when the events took place and conditions were satisfied.

During the sixteen months ended December 31, 2023, the Association was awarded a grant of up to \$3,000,000 from the City of Evanston to support the renovation of the Men's Residence. The grant is conditioned upon incurring qualifying expenditures through the term of the grant ending December 31, 2026. The Association recognized \$83,000 and \$134,875 of revenue as conditions of the grant were satisfied during the year ended December 31, 2024 and sixteen months ended December 31, 2023, respectively, and may recognize the remaining \$2,782,125 if conditions are satisfied through the end of the grant term. See Note 18.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. COMMITMENTS**

The Association has been researching and planning to renovate the Men's Residence. While the Association has not yet committed to officially start the project, the Association has entered into contracts for project administration, design and architectural and engineering services. The Association has incurred expenditures for construction in progress in the amount of \$883,288 and \$775,288 which are included in property and equipment on the consolidated statement of financial position at December 31, 2024 and 2023, respectively. Anticipated fees for the project are estimated to be \$22,500,000. The Association has commitments of approximately \$115,000 associated with the project as of December 31, 2024.

**17. MANAGEMENT'S PLANS**

The continuation of the Association as a going concern is dependent upon the ability to further its mission and maintain adequate working capital. The Association has reported net cash used for operating activities and net decreases in cash and cash equivalents on the consolidated statement of cash flows and negative change in net assets on the consolidated statement of activities during the year ended December 31, 2024 and sixteen months ended December 31, 2023. Additionally, as disclosed in Note 8, the Association was out of compliance with covenants required under the terms of the unsecured promissory note. In conjunction with the lender's recommendations, management began working with an outside consultant to accelerate the post-pandemic recovery and restore the Association to a break-even cash flow. Management's fundraising strategy, and all programs and offerings have been evaluated as to their relative contribution to the Association's mission and profitability. Management has increased internal collaboration to ensure a 2025 operating budget that reflects continued efforts to move from break-even on a cash basis to a future where we are regularly generating surpluses. Management's plan of action focused the following key strategies and tactics:

- Reviewing critical documentation including banking and financing agreements
- Reviewing working capital management
- Reviewing recent revenues, costs, and operating margins by program to evaluate profitability
- Identified opportunities for revenue growth in specific areas of operations and pursued these opportunities aggressively
- Identifying profit improvement and expense reduction opportunities
- Reviewing the capital expenditure plans while developing longer-term capital expenditure plans
- Reviewing the status of current fundraising campaigns
- Exploring separate financing options to secure financial flexibility that Management expects to need in the coming years.

**MCGAW YMCA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**17. MANAGEMENT’S PLANS – Continued**

The Association is optimistic for the future and the budget for 2025 is expected to yield a positive cash flow. The Association has implemented steps to proactively manage the financial results against the budget to allow it to better respond to any unanticipated deviations from the budget. In addition, numerous aspects of the Association’s operations have continued to show very well. Membership and program metrics were strong throughout 2024 and still show promising growth. Membership retention has generally been over 70% which is slightly better than pre-pandemic rates and overall membership rates recently eclipsed pre-pandemic levels. Early childhood programs and aquatics are doing similarly well. All of this leads management to believe that a strong future continues to lie ahead.

**18. PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2024, the Association determined that a portion of a grant should have been recognized as revenue with donor restrictions on the consolidated statement of activities to the extent that conditions of the grant had been satisfied during the sixteen months ended December 31, 2023. As such, the following adjustment was made to properly reflect this activity for the sixteen months ended December 31, 2023:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Increase</u>
Contributions and grants revenue	\$ 3,293,077	\$ 3,427,952	\$ 134,875
Pledges and grants receivable, net	\$ 147,860	\$ 282,735	\$ 134,875
Change in net assets	\$ (2,076,383)	\$ (1,941,508)	\$ 134,875
Net assets, with donor restrictions as of December 31, 2023	\$ 4,358,724	\$ 4,493,599	\$ 134,875

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