

McGaw YMCA

Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

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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, 2025 and 2024, 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 December 31, 2025 and 2024, 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
May 20, 2026

MCGAW YMCA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 2,261,175	\$ 872,769
Investments, at fair value - Note 3	4,367,353	4,746,104
Accounts receivable, net of allowance of \$67,758 and \$135,988 at December 31, 2025 and 2024 - Notes 4 and 5	450,461	418,184
Inventory	13,722	24,756
Pledges and grants receivable, net - Note 6	171,000	293,813
Prepaid expenses	225,793	225,015
Pledges and grants receivable restricted for Men's Residence project, net - Notes 6 and 17	133,305	
Operating lease right-of-use assets - Note 9	1,340,110	239,783
Property and equipment, net - Notes 7 and 17	<u>13,797,434</u>	<u>13,519,393</u>
 Total Assets	 <u>\$ 22,760,353</u>	 <u>\$ 20,339,817</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Mortgage and notes payable - Note 8	\$ 2,760,320	2,820,208
Operating lease liabilities - Note 9	1,354,896	239,783
Accounts payable and other accrued expenses	457,312	436,159
Accrued wages and payroll taxes	292,910	260,535
Accrued vacation	497,659	455,714
Deferred contributions - Note 16	203,973	186,857
Deferred program and camp fee revenue - Note 4	354,836	290,858
Deferred membership dues - Note 4	49,550	46,208
Funds held - YMCA sponsored groups	<u>19,117</u>	<u>16,133</u>
 Total Liabilities	 <u>5,990,573</u>	 <u>4,752,455</u>
 Net Assets		
Net assets without donor restrictions	10,946,423	10,785,134
Net assets with donor restrictions - Notes 10 and 11	<u>5,823,357</u>	<u>4,802,228</u>
 Total Net Assets	 <u>16,769,780</u>	 <u>15,587,362</u>
 Total Liabilities and Net Assets	 <u>\$ 22,760,353</u>	 <u>\$ 20,339,817</u>

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Support						
Contributions and grants - Notes 12, 15 and 16	\$ 1,938,571	\$ 899,739	\$ 2,838,310	\$ 1,303,784	\$ 523,583	\$ 1,827,367
Special event revenue	253,124		253,124	276,442		276,442
Less: cost of direct benefit to donors	(121,113)		(121,113)	(138,188)		(138,188)
Net assets released from restrictions						
Expiration of purpose restrictions	250,765	(250,765)		398,644	(398,644)	
Expiration of time restrictions	50,000	(50,000)		50,000	(50,000)	
Total Support	<u>2,371,347</u>	<u>598,974</u>	<u>2,970,321</u>	<u>1,890,682</u>	<u>74,939</u>	<u>1,965,621</u>
Program Revenues						
Membership and programs	6,318,113		6,318,113	5,762,918		5,762,918
Residence, net of community contribution	1,196,098		1,196,098	1,064,777		1,064,777
Children's Center	6,086,673		6,086,673	5,854,750		5,854,750
Camp Echo	2,909,982		2,909,982	2,980,297		2,980,297
Fee assistance - Note 13	(1,056,612)		(1,056,612)	(1,123,265)		(1,123,265)
Total Program Revenues	<u>15,454,254</u>		<u>15,454,254</u>	<u>14,539,477</u>		<u>14,539,477</u>
Other Revenues						
Interest and dividends	72,182	95,971	168,153	172,960	90,624	263,584
Realized/unrealized net gains on investments	96,409	326,184	422,593	22,068	143,066	165,134
Miscellaneous	106,745		106,745	147,165		147,165
Total Other Revenues, net	<u>275,336</u>	<u>422,155</u>	<u>697,491</u>	<u>342,193</u>	<u>233,690</u>	<u>575,883</u>
Total Revenues, Gains and Other Support	<u>18,100,937</u>	<u>1,021,129</u>	<u>19,122,066</u>	<u>16,772,352</u>	<u>308,629</u>	<u>17,080,981</u>
Expenses						
Program services						
Membership and programs	5,055,201		5,055,201	5,063,093		5,063,093
Residence	1,209,398		1,209,398	1,220,841		1,220,841
Children's Center	5,875,191		5,875,191	5,996,434		5,996,434
Camp Echo	2,796,693		2,796,693	2,759,600		2,759,600
Total Program Services	<u>14,936,483</u>		<u>14,936,483</u>	<u>15,039,968</u>		<u>15,039,968</u>
Supporting services						
Management and general	1,876,055		1,876,055	2,278,014		2,278,014
Fundraising	708,047		708,047	581,780		581,780
Marketing	419,063		419,063	412,278		412,278
Total Supporting Services	<u>3,003,165</u>		<u>3,003,165</u>	<u>3,272,072</u>		<u>3,272,072</u>
Total Expenses	<u>17,939,648</u>		<u>17,939,648</u>	<u>18,312,040</u>		<u>18,312,040</u>
Change in Net Assets	161,289	1,021,129	1,182,418	(1,539,688)	308,629	(1,231,059)
Net Assets						
Beginning of period	10,785,134	4,802,228	15,587,362	12,324,822	4,493,599	16,818,421
End of period	<u>\$ 10,946,423</u>	<u>\$ 5,823,357</u>	<u>\$ 16,769,780</u>	<u>\$ 10,785,134</u>	<u>\$ 4,802,228</u>	<u>\$ 15,587,362</u>

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	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	\$ 2,540,773	\$ 530,167	\$ 3,521,136	\$ 1,211,475	\$ 7,803,551	\$ 809,241	\$ 262,184	\$ 242,879	\$ 1,314,304	\$ -	\$ 9,117,855
Employee benefits - Note 14	522,064	136,238	946,775	188,864	1,793,941	237,884	64,104	74,640	376,628		2,170,569
Independent contractors	39,121		8,827	63,736	111,684	2,543	111,368		113,911		225,595
Outside consultants and professional services	1,024	399		2	1,425	72,509	192,031	18,257	282,797		284,222
Program supplies	155,929	42,050	506,159	507,461	1,211,599	8,601	561	720	9,882		1,221,481
Administrative and office support	4,200	1,926	6,134	5,088	17,348	20,364	616	580	21,560		38,908
System support and maintenance	39,189	14,395	70,750	36,488	160,822	137,948	39,242	23,755	200,945		361,767
Building maintenance and supplies	446,108	164,250	186,528	118,741	915,627	5,805	2,902	1,509	10,216		925,843
Facility rental - Note 9	16,205	5,033	339,960	8,839	370,037	2,559	348	470	3,377		373,414
Promotion and advertising	10,689		701	3,565	14,955		8,671	46,846	55,517		70,472
Catering and other special event costs				603	603	1,026	4,839		5,865	121,113	127,581
Development and learning	7,787	393	9,319	22,032	39,531	2,125	797	50	2,972		42,503
Staff and volunteer leadership meetings	11,475	329	19,288	1,413	32,505	13,427	1,233	3	14,663		47,168
Staff travel and meal	1,126	71	64	5,310	6,571	1,883	1,087	852	3,822		10,393
Dues and subscriptions - Note 15	96,388	14,742	70,928	38,820	220,878	6,958	3,355	263	10,576		231,454
Postage and mailing services			13	2,808	2,821	5,186	1,168	2,864	9,218		12,039
Telephone and internet access fees	46,073	20,387	40,513	25,357	132,330	9,443	610	2,024	12,077		144,407
Utilities	344,579	93,756	66,238	85,557	590,130	4,484	2,242	1,166	7,892		598,022
Vehicle rental and expenses	1,974	10	35,383	192,986	230,353	1			1		230,354
Property and liability insurance	167,082	45,461	330	62,843	275,716	2,174	1,087	565	3,826		279,542
Bank fees and other interest - Note 8						357,514	6,784		364,298		364,298
Promissory note interest - Note 8	108,410				108,410						108,410
License and taxes	3,660	91	195	20,993	24,939	4	2	1	7		24,946
Bad debts - Note 5						166,702			166,702		166,702
Total Expenses Before Depreciation and Amortization Expense	4,563,856	1,069,698	5,829,241	2,602,981	14,065,776	1,868,381	705,231	417,444	2,991,056	121,113	17,177,945
Depreciation and Amortization Expenses - Note 7	491,345	139,700	45,950	193,712	870,707	7,674	2,816	1,619	12,109		882,816
Total	5,055,201	1,209,398	5,875,191	2,796,693	14,936,483	1,876,055	708,047	419,063	3,003,165	121,113	18,060,761
Less: Expenses included in revenues on consolidated statement of activities											
Cost of direct benefit to donors										(121,113)	(121,113)
Total Functional Expenses	\$ 5,055,201	\$ 1,209,398	\$ 5,875,191	\$ 2,796,693	\$ 14,936,483	\$ 1,876,055	\$ 708,047	\$ 419,063	\$ 3,003,165	\$ -	\$ 17,939,648
Percentage of Total Expenses	28.18%	6.74%	32.75%	15.59%	83.26%	10.46%	3.95%	2.34%	16.74%		100.00%

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 14	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 15	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
Total Expenses Before Depreciation and Amortization Expense	4,590,726	1,079,177	5,959,110	2,572,720	14,201,733	2,270,846	579,200	410,596	3,260,642	138,188	17,600,563
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
Total	5,063,093	1,220,841	5,996,434	2,759,600	15,039,968	2,278,014	581,780	412,278	3,272,072	138,188	18,450,228
Less: Expenses included in revenues on consolidated statement of activities											
Cost of direct benefit to donors										(138,188)	(138,188)
Total Functional Expenses	\$ 5,063,093	\$ 1,220,841	\$ 5,996,434	\$ 2,759,600	\$ 15,039,968	\$ 2,278,014	\$ 581,780	\$ 412,278	\$ 3,272,072	\$ -	\$ 18,312,040
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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,182,418	\$ (1,231,059)
Adjustments to reconcile change in net assets to net cash provided by (used) for operating activities		
Depreciation and amortization	882,816	849,665
Gain on disposition of property and equipment	(33,312)	
Realized/unrealized net gains on investments	(422,593)	(165,134)
Operating lease cost	340,496	329,233
Decrease in allowance for uncollectible receivables and pledges	(89,408)	(94,032)
Closing costs financed by mortgage payable	47,020	
Net (increase) decrease in assets		
Accounts receivable	35,953	206,923
Inventory	11,034	3,574
Pledges and grants receivable	10,686	(36,765)
Prepaid expenses	(778)	(41,117)
Net increase (decrease) in liabilities		
Operating lease liabilities	(325,712)	(329,233)
Accounts payable and other accrued expenses	21,153	(458,398)
Accrued wages and payroll taxes	32,375	87,056
Accrued vacation	41,945	34,027
Deferred contributions	17,116	(65,576)
Deferred program and camp fee revenue	63,978	10,298
Deferred membership dues	3,342	(34,851)
Funds held - YMCA sponsored groups	2,984	(840)
Net Cash Provided by (Used) for Operating Activities	<u>1,821,513</u>	<u>(936,229)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,160,854)	(721,431)
Proceeds from disposition of property and equipment	33,312	
Proceeds from sales of investments	4,504,700	12,171,132
Purchases of investments	<u>(3,703,357)</u>	<u>(10,219,570)</u>
Net Cash Provided by (Used) for Investing Activities	<u>(326,199)</u>	<u>1,230,131</u>
Cash Flows from Financing Activities		
Principal payments on mortgage and notes payable	<u>(106,908)</u>	<u>(623,328)</u>
Net Cash Used for Financing Activities	<u>(106,908)</u>	<u>(623,328)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,388,406	(329,426)
Cash and Cash Equivalents		
Beginning of period	<u>872,769</u>	<u>1,202,195</u>
End of period	<u>\$ 2,261,175</u>	<u>\$ 872,769</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 113,388</u>	<u>\$ 111,466</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 educational and youth programs at 2 sites. The Children's Center (year-round) and Family Focus (summer only). 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 6th to 8th graders. Camp Echo is our residential camp in Michigan. We serve 2,000 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 200 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 loss experience, current conditions, and reasonable forecasts. The Association elected the practical expedient which allows the Association to assume that current conditions will persist for the remaining life of accounts receivable balances in developing reasonable and supportable forecasts as part of estimating expected credit losses.

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 disposition 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 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.

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 2,518 volunteer hours from approximately 195 volunteers during the year ended December 31, 2025 and 1,205 volunteer hours from approximately 116 volunteers during the year ended December 31, 2024. 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 years ended December 31, 2025 or 2024. 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, 2025 and 2024, 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, 2025 and 2024, 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 May 20, 2026, the date the consolidated financial statements were available to be issued.

2. LIQUIDITY

The Association had \$3,953,979 and \$3,293,775 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position at December 31, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Financial assets at end of period:		
Cash and cash equivalents	\$2,261,175	\$ 872,769
Investments	4,367,353	4,746,104
Accounts receivable, net	450,461	418,184
Pledges and grants receivable, net - without purpose restrictions due within one year	<u>171,000</u>	<u>240,573</u>
Less amounts not available to be used for general expenditures:		
Endowment fund net assets	<u>3,296,010</u>	<u>2,983,855</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$3,953,979</u>	<u>\$3,293,775</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 \$2,862,000. 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 2.76 and 2.25 months of cash and investments available to meet current expenditures at December 31, 2025 and 2024, 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:

		<u>2025</u>		
		<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices</u>		
	<u>Total</u>	<u>In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange traded funds	\$ 3,871,146	\$ 3,871,146		
Total Investments at Fair Value	3,871,146	<u>\$ 3,871,146</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	496,207			
Total Investments	<u>\$ 4,367,353</u>			
		<u>2024</u>		
		<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices</u>		
	<u>Total</u>	<u>In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
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>			

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, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Accounts receivable, net	\$ 450,461	\$ 418,184	\$ 505,388
Deferred program and camp fee revenue	354,836	290,858	280,560
Deferred membership dues	49,550	46,208	81,059

Revenue recognized for the years ended December 31, 2025 and 2024 that was included in the deferred revenue balance at the beginning of each year was \$337,066 and \$361,619, respectively.

5. ALLOWANCE FOR CREDIT LOSSES

The balance of and change in the allowance for credit losses were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 135,988	\$ 255,707
Provision for bad debt expense	166,702	225,224
Write-offs directly against accounts receivable	<u>(234,932)</u>	<u>(344,943)</u>
Balance as of December 31,	<u>\$ 67,758</u>	<u>\$ 135,988</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, 2025:

	<u>Pledges and Grants</u>	<u>Men's Residence Project Pledges and Grants</u>	<u>Total</u>
Less than one year	\$ 180,000	\$ 68,667	\$ 248,667
One to five years		79,666	79,666
	<u>180,000</u>	<u>148,333</u>	<u>328,333</u>
Less: Discount to net present value		(7,611)	(7,611)
Less: Allowance for uncollectible pledges	(9,000)	(7,417)	(16,417)
Net pledges and grants receivable	<u>\$ 171,000</u>	<u>\$ 133,305</u>	<u>\$ 304,305</u>

Pledges and grants receivable are expected to be collected as follows at December 31, 2024:

	<u>Total</u>
Less than one year	<u>\$ 331,408</u>
	331,408
Less: Allowance for uncollectible pledges	<u>(37,595)</u>
Net pledges and grants receivable	<u>\$ 293,813</u>

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

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,142,512	\$ 1,142,512
Land improvement	77,015	77,015
Building	2,895,616	2,610,099
Building improvements	23,955,472	23,896,770
Furniture and equipment	5,252,420	4,833,044
Computer hardware	255,812	246,406
Computer software	140,240	140,240
Vehicles	408,153	334,198
Construction in progress	<u>1,232,914</u>	<u>972,758</u>
	35,360,154	34,253,042
Accumulated depreciation and amortization	<u>(21,562,720)</u>	<u>(20,733,649)</u>
Net Property and Equipment	<u>\$13,797,434</u>	<u>\$13,519,393</u>
Depreciation and Amortization Expense	<u>\$ 882,816</u>	<u>\$ 849,665</u>

8. MORTGAGE AND 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 was scheduled to mature July 14, 2031, with a balloon payment of \$2,407,792. At December 31, 2025 and 2024, the balance of the note was \$0 and \$2,640,299, respectively, and interest expense amounted to \$58,189 and \$102,214 for the years ended December 31, 2025 and 2024, respectively. The note agreement requires certain financial covenants and negative covenants be maintained.

During the year ended December 31, 2024, the Association was out of compliance with certain financial covenants. The lender had not waived the covenant requirements. The Association entered into a forbearance agreement and amendment to the loan agreement which called for the Association to make an additional principal payment in the amount of \$500,000 during 2024.

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. MORTGAGE AND NOTES PAYABLE – Continued

Unsecured Promissory Note – Continued

During June 2025, the Association entered into a forbearance agreement and amendment to the loan agreement. As noted in the agreement, the lender had not waived the existing defaults for the quarterly testing periods but the lender was willing to temporarily forbear from exercising certain rights and remedies available as a result of the defaults through August 31, 2025. The note was refinanced during August 2025, see Mortgage Payable below.

Mortgage Payable

On August 27, 2025, the Association refinanced the unsecured promissory note with a lending agency. The mortgage payable, in the amount of \$2,632,693, includes the payoff on the 2021 unsecured promissory note of \$2,585,673 and \$47,020 in related closing costs, which are treated as noncash on the consolidated statement of cash flows. The mortgage payable 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 mortgage payable will mature on September 1, 2040 and is secured by an assignment of leases and rents and a security agreement encumbering real estate located in Cook County, Illinois. At December 31, 2025, the balance of the note was \$2,608,164. Interest expense amounted to \$50,221 for the year ended December 31, 2025. The mortgage requires the maintenance of one administrative covenant.

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. At December 31, 2025 and 2024, the loan balance was \$1,972 and \$26,158, respectively, and interest expense amounted to \$607 and \$1,560 for the years ended December 31, 2025 and 2024, respectively. The loan matured on January 7, 2026, and was paid in full.

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 \$150,184 and \$153,751 at December 31, 2025 and 2024, respectively. Interest expense for the years ended December 31, 2025 and 2024 amounted to \$4,125 and \$4,136, respectively.

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. MORTGAGE AND NOTES PAYABLE – Continued

Future Maturities

Future maturities of the mortgage and notes payable are as follows as of December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 108,597
2027	114,083
2028	122,449
2029	131,458
2030	141,128
Thereafter	<u>2,142,605</u>
Total	<u>\$ 2,760,320</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 lease was renewed during 2025 through June 30, 2030. The monthly rate of \$23,441 through June 30, 2026 will increase annually by 5.00% each July.

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 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 leased the space during Summer 2025 for \$5,000.

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 under an operating lease agreement. The lease expires in March 2028 with payments approximating \$330 per month.

As of December 31, 2025 and 2024, the operating lease right-of-use asset has a balance of \$1,340,110 and \$239,783, 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 \$1,354,896 and \$239,783 on the consolidated statement of financial position as of December 31, 2025 and 2024, 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 \$340,496 and \$329,233 for the years ended December 31, 2025 and 2024, 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>2025</u>	<u>2024</u>
Weighted-average remaining lease term in years	4.04	0.76
Weighted-average discount rate	3.82%	3.48%

Future minimum operating lease payments and reconciliation to the consolidated statement of financial position as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 339,082
2027	310,598
2028	318,863
2029	333,767
2030	<u>170,954</u>
Total future undiscounted lease payments	1,473,264
Less: Present value discount	<u>(118,368)</u>
Lease Liabilities	<u><u>\$ 1,354,896</u></u>

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES – Continued

The following summarizes cash flow information related to the leases for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 325,712	\$ 329,233
Lease assets obtained in exchange for lease obligations		
Operating leases	\$ 1,411,372	

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>2025</u>	<u>2024</u>
Time restricted:		
Pledges and grants receivable	\$ 42,500	\$ 50,000
Purpose restricted:		
Brenner Runs Through It Scholarship Endowment		
Fund for Camp Echo	17,765	10,794
Camp Echo	25,000	59,647
Children's Center	25,000	
Davee Foundation Endowment Fund for		
Camp Echo scholarships	318,111	193,276
Davee Foundation Endowment Fund for		
Camp Echo equipment	31,811	19,328
Davee Foundation Endowment Fund for		
residence scholarship	318,111	193,276
Dennis Newton Endowment Fund for Camp		
Echo scholarships	19,428	11,806
James D. Vail Endowment Fund for youth programs	46,765	28,414
Kristin Kent Nature Trail Endowment Fund for		
Camp Echo trail maintenance	8,019	4,873
MetaMedia		70,000
Residence renovation project	2,431,510	1,638,726
Richard C. Romano Endowment Fund		
for youth and family programs	32,454	19,718
Roth Holtz Endowment Fund for youth programs	2,998	1,822
Y-USA Digital Marketing	3,337	
Subtotal	<u>\$3,322,809</u>	<u>\$2,301,680</u>

MCGAW YMCA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. NET ASSETS WITH DONOR RESTRICTIONS - Continued

	<u>2025</u>	<u>2024</u>
Balance Brought Forward	\$3,322,809	\$2,301,680
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>\$5,823,357</u>	<u>\$4,802,228</u>
Total Net Assets With Donor Restrictions		

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

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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>2025</u>	<u>2024</u>
Maintained in perpetuity	\$ 2,500,548	\$ 2,500,548
Accumulated earnings	<u>795,462</u>	<u>483,307</u>
Total Donor-Restricted Endowment Funds	<u>\$ 3,296,010</u>	<u>\$ 2,983,855</u>

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

	<u>2025</u>	<u>2024</u>
Endowment Net Assets, Beginning of Year	\$ 2,983,855	\$ 2,865,164
Interest and dividends	95,971	90,624
Net appreciation	326,184	143,066
Amounts appropriated for expenditure	<u>(110,000)</u>	<u>(114,999)</u>
Endowment Net Assets, End of Year	<u>\$ 3,296,010</u>	<u>\$ 2,983,855</u>

12. CONCENTRATIONS

Approximately 17% of total contributions, grants and special events revenue was concentrated among one donor as the Association received a \$526,316 bequest without donor restrictions during 2025. There were no donors that exceeded 10% of total contributions and grants revenue during 2024.

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13. FEE ASSISTANCE

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

	<u>2025</u>	<u>2024</u>
Membership and program fees	\$ 312,087	\$ 290,048
Children's center fees	491,375	479,517
Camp Echo fees	223,149	315,597
Residence fees	<u>30,001</u>	<u>38,103</u>
Total Fee Assistance	<u>\$ 1,056,612</u>	<u>\$ 1,123,265</u>

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.

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 \$543,402 and \$503,154 for the years ended December 31, 2025 and 2024, respectively.

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15. RELATED PARTY

The Association pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2025 and 2024 were \$185,961 and \$212,868, respectively.

The Association received contributions from management and board members for the years ended December 31, 2025 and 2024 in the amounts of \$52,808 and \$21,614, 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.

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 which was included in pledges and grants receivable on the consolidated statement of financial position at December 31, 2024. During 2025, the Association was informed that the grant was terminated. At the termination date of April 18, 2025, the Association had incurred \$29,116 in program activities and recognized this amount as revenue in 2025. The Association collected \$135,189 of the grant funding in 2025, which represented the total amount of revenue recognized from inception of the grant period through the termination date of the grant.

During the year ended December 31, 2025, the Association received \$208,500 in Smart Start Workforce grants for childcare programs and determined the grants to be conditioned upon incurring eligible expenses. As of December 31, 2025, \$69,750 of the funds received are reflected as deferred contributions on the consolidated statement of financial position with \$138,750 recognized as revenue as conditions were satisfied in 2025.

The Association hosted fundraising events in January 2026 and 2025. The Association received \$134,223 and \$176,857 during 2025 and 2024, respectively for these events. These amounts are reflected as deferred contributions on the consolidated statement of financial position at December 31, 2025 and 2024, respectively. The Association recognized \$176,857 in revenue during 2025 and will recognize \$134,223 in revenue when the event takes place, satisfying the sole condition during January 2026.

During 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 has recognized \$185,875 of revenue as conditions of the grant were satisfied since inception of the grant and may recognize the remaining \$2,814,125 if conditions are satisfied through the end of the grant term.

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17. COMMITMENTS AND THE MEN'S RESIDENCE PROJECT

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 an agreement with a consultant to assist with the design of the project, construction documents, bidding and negotiation, and construction administration. This contract will total approximately \$700,000, of which approximately \$536,000 and \$478,000 has been paid through December 31, 2025 and 2024, respectively. Overall, the Association has incurred expenditures for construction in progress in the amount of \$1,083,015 and \$883,288 which are included in property and equipment on the consolidated statement of financial position at December 31, 2025 and 2024, respectively. Anticipated costs for the project are estimated to be \$22,500,000.

18. CONTINGENCY

The Association is a defendant in a legal action. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of this matter will be covered by the Association's insurance and will not have a material effect on the Association's consolidated financial statements.

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