Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate

Consolidated Financial Report

December 31, 2022

Contents

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Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of
Metropolitan Detroit and Subsidiary and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate (the "Association"), which comprise the consolidated balance sheet as of December 31, 2022 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2022 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Association and to meet our 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.

Emphasis of Matter Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Association will continue as a going concern. As described in Note 6, the Association has material debt obligations with associated covenant requirements. The Association has determined substantial doubt exists regarding its ability to meet its obligations as they come due within the next year, which raises doubt about its ability to continue as a going concern. Management has implemented plans to mitigate the risk of default. These plans are described in Note 16. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

To the Board of Directors
Young Men's Christian Association of
Metropolitan Detroit and Subsidiary and Affiliate

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government 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 the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023 on our consideration of Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 18, 2023

Consolidated Balance Sheet

December 31, 2022
(with summarized comparative totals for December 31, 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 3,745,140	$ 727,722
Restricted cash (Note 2)	100,629	100,051
Cash equivalents designated for future use (Note 2)	2,046,647	7,002,248
Investments - Short term (Note 12)	5,255,072	6,699,278
Receivables - Net of allowances: (Note 2)		
Accounts	105,465	49,071
United Way - Operating	446,722	-
Employee Retention Credit receivable	1,204,567	1,333,349
Other	851,264	419,300
Contributions receivable - Net (Note 4)	1,653,874	360,438
Prepaid expenses and other current assets	153,654	165,506
Cash equivalents held for long-term use	131,623	120,822
Investments - Long term (Note 12)	3,327,663	3,332,698
Other noncurrent assets	516,529	505,244
Cash restricted to investment in property, plant, and equipment	448,685	529,422
Contributions receivable restricted to investment in property, plant, and equipment - Net (Note 4)	227,469	205,809
Assets held for sale (Note 5)	7,085,244	7,585,244
Right-of-use assets - Operating (Note 7)	15,083	-
Right-of-use assets - Finance (Note 7)	213,811	-
Property, plant, and equipment - Net (Note 5)	26,368,108	27,262,473
Total assets	**$ 53,897,249**	**$ 56,398,675**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,226,542	$ 1,288,277
Accrued liabilities and other	791,250	859,984
Deferred revenue	1,906,037	651,488
Obligations under life income contracts	68,712	145,132
Lease liabilities - Operating (Note 7)	15,083	-
Lease liabilities - Finance (Note 7)	209,648	-
Bonds payable - Net (Note 6)	13,549,190	14,380,378
Long-term notes payable (Note 6)	692,942	1,035,516
Total liabilities	18,459,404	18,360,775
Net Assets		
Without donor restrictions:		
Undesignated	19,734,250	18,741,630
Board designated (Note 13)	7,064,938	13,168,407
Total without donor restrictions	26,799,188	31,910,037
With donor restrictions (Note 8)	8,638,657	6,127,863
Total net assets	35,437,845	38,037,900
Total liabilities and net assets	**$ 53,897,249**	**$ 56,398,675**

See notes to consolidated financial statements.

Young Men's Christian Association of Metropolitan Detroit and Subsidiary and Affiliate

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

(with summarized comparative totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Camping and program fees	$ 8,149,873	$ -	$ 8,149,873	$ 5,214,610
Contributions and bequests	1,989,814	1,342,063	3,331,877	2,755,941
Grants and government contracts	5,317,519	2,411,201	7,728,720	2,422,874
Pandemic relief funding	-	-	-	6,185,225
Membership dues	6,089,424	-	6,089,424	4,970,151
United Way - Operating	48,500	465,472	513,972	46,000
Rentals	163,618	-	163,618	129,629
Net special events	317,589	-	317,589	439,403
Net realized and unrealized (losses) gains on investments	(1,462,448)	(52,891)	(1,515,339)	721,765
Interest income	332,523	-	332,523	185,146
Distributions on life income contracts	(25,227)	-	(25,227)	(36,454)
Change in value of life income contracts	76,420	-	76,420	(7,920)
(Loss) gain on disposal of fixed assets	(25,780)	-	(25,780)	1,191,730
Impairment loss on asset held for sale	(500,000)	-	(500,000)	(2,500,000)
Other revenue	107,756	-	107,756	35,879
Total revenue, gains, and other support	20,579,581	4,165,845	24,745,426	21,753,979
Net Assets Released from Restrictions	1,655,051	(1,655,051)	-	-
Total revenue, gains, other support, and net assets released from restrictions	22,234,632	2,510,794	24,745,426	21,753,979
Expenses				
Program services	20,494,990	-	20,494,990	16,180,734
Support services:				
Management and general	5,907,241	-	5,907,241	5,538,142
Fundraising	943,250	-	943,250	1,044,677
Total support services	6,850,491	-	6,850,491	6,582,819
Total expenses	27,345,481	-	27,345,481	22,763,553
(Decrease) Increase in Net Assets	(5,110,849)	2,510,794	(2,600,055)	(1,009,574)
Net Assets - Beginning of year	31,910,037	6,127,863	38,037,900	39,047,474
Net Assets - End of year	**$ 26,799,188**	**$ 8,638,657**	**$ 35,437,845**	**$ 38,037,900**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized comparative totals for the year ended December 31, 2021)

		Support Services			Total	
	Program Services	Management and General	Fundraising	Total Support Services	2022	2021
Salaries	$ 9,379,068	$ 2,088,304	$ 312,748	$ 2,401,052	$ 11,780,120	$ 9,397,651
Health and retirement costs	1,037,930	428,259	87,124	515,383	1,553,313	1,331,584
Payroll taxes	768,020	192,788	31,787	224,575	992,595	804,287
Total salaries and related expenses	11,185,018	2,709,351	431,659	3,141,010	14,326,028	11,533,522
Contracted program instruction and other fees	1,112,049	413,393	56,697	470,090	1,582,139	1,286,377
Legal, audit, and consulting	53,029	135,415	170,819	306,234	359,263	503,190
Supplies	1,843,624	51,874	25,539	77,413	1,921,037	1,196,848
Telephone	98,262	89,172	2,176	91,348	189,610	195,170
Postage and shipping	593	9,475	105	9,580	10,173	3,369
Occupancy	423,493	8,952	1,226	10,178	433,671	225,937
Utilities	1,384,696	335,416	53,439	388,855	1,773,551	1,777,023
Repairs and maintenance	965,716	215,641	34,356	249,997	1,215,713	959,017
Insurance and taxes	381,913	88,119	11,433	99,552	481,465	612,728
Promotion and advertising	224,805	554,814	911	555,725	780,530	593,776
Travel and entertainment	156,398	89,914	6,379	96,293	252,691	176,244
Conferences and trainings	132,148	95,311	6,882	102,193	234,341	100,762
Dues and fees	39,457	305,082	46,505	351,587	391,044	294,662
Federation membership dues to national office	-	239,604	-	239,604	239,604	114,145
Equipment rental	73,973	18,103	947	19,050	93,023	209,595
Miscellaneous	78	-	200	200	278	3,159
Bad debt expense	154,457	750	6,851	7,601	162,058	302,960
Operating lease expense	7,701	-	-	-	7,701	-
Interest expense	347,099	84,078	13,395	97,473	444,572	403,913
Depreciation	1,784,478	432,255	68,868	501,123	2,285,601	2,271,156
Amortization of right-of-use asset	126,003	30,522	4,863	35,385	161,388	-
Special events	-	-	509,912	509,912	509,912	309,543
Total functional expenses	**$ 20,494,990**	**$ 5,907,241**	**$ 1,453,162**	**$ 7,360,403**	**$ 27,855,393**	**$ 23,073,096**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

(with summarized comparative totals for the year ended December 31, 2021)

	2022	2021
Cash Flows from Operating Activities		
Decrease in net assets	$ (2,600,055)	$ (1,009,574)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,285,601	2,271,156
Bad debt expense	162,058	302,960
Noncash lease expense	168,866	-
Amortization of debt issuance costs	22,068	22,068
Loss (gain) on investments	1,515,339	(713,446)
Loss (gain) on disposition of assets	25,780	(1,191,730)
Change in value of life income contracts	(51,193)	44,374
Gain in fair value of interest rate swap agreement	-	(43,321)
Contributions restricted for endowment and long-term use	(453,685)	(616,574)
Impairment loss	500,000	2,500,000
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Receivables	(2,183,452)	8,647,584
Prepaid expenses and other assets	567	55,657
Accounts payable	(61,735)	140,701
Accrued and other liabilities	(68,734)	(54,808)
Deferred revenue	1,154,549	(206,450)
Financing leases	(8,546)	-
Operating leases	(7,479)	-
Net cash and cash equivalents provided by operating activities	399,949	10,148,597
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,417,016)	(1,710,657)
Purchases of investments	(3,077,200)	(3,585,180)
Proceeds from sales of investments	3,000,301	1,973,816
Proceeds from sale of property and equipment	-	2,176,884
Net cash and cash equivalents used in investing activities	(1,493,915)	(1,145,137)
Cash Flows from Financing Activities		
Principal payments on long-term notes payable	(326,514)	(294,532)
Principal payments on bonds payable	(853,256)	(1,555,665)
Payments on debt financing	(16,060)	-
Distributions on life income contracts	(25,227)	(36,454)
Proceeds from endowment and long-term use gifts	453,685	616,574
Payments on financing leases	(157,004)	-
Net cash and cash equivalents used in financing activities	(924,376)	(1,270,077)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,018,342)	7,733,383
Cash and Cash Equivalents - Beginning of year	8,359,443	626,060
Cash and Cash Equivalents - End of year	**$ 6,341,101**	**$ 8,359,443**
Consolidated Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 3,745,140	$ 727,722
Restricted cash	100,629	100,051
Cash restricted for investment in property, plant, and equipment	448,685	529,422
Cash designated for future use	2,046,647	7,002,248
Total cash and cash equivalents	**$ 6,341,101**	**$ 8,359,443**
Supplemental Cash Flow Information - Cash paid for interest	$ 394,031	$ 381,474
Significant Noncash Transactions		
Line of credit	$ -	$ (500,000)
Notes payable	-	(748,065)
Long-term note payable	-	1,248,065

Note 1 - Nature of Business

The accompanying consolidated financial statements reflect the consolidated balance sheet and the consolidated statements of activities and changes in net assets, functional expenses, and cash flows for Young Men's Christian Association of Metropolitan Detroit (the "Organization"); its wholly owned subsidiary, Y-Education Services, L3C (Y-ES); and its affiliate, the Young Men's Christian Association of Metropolitan Detroit Foundation (the "Foundation") (collectively, the "Association"). All material intercompany accounts and transactions have been eliminated.

Young Men's Christian Association of Metropolitan Detroit is an association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the Organization enables youth, adults, families, and communities to be healthy, confident, connected, and secure. The Organization is composed of seven branches, two resident camps, and six outreach programs, located primarily in the southeastern Michigan area. The Foundation is a separate legal entity formed in 2003 to manage certain investment activity and to provide financial support to the Organization. The Organization and the Foundation have certain common board members.

Note 2 - Significant Accounting Policies

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Association considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Cash Equivalents Designated for Future Use

Cash equivalents designated for future use consist of cash equivalents held for the purpose of fulfilling the agreements on life income contracts and cash equivalents of endowment funds held temporarily until invested in long-term investments.

Restricted Cash

Under the terms of an agreement with a bank, the Association has agreed to maintain a cash balance of $100,000, which is secured collateral for the Association's corporate credit card line of credit. At December 31, 2022, $100,629 of cash is restricted for that purpose.

Classification of Net Assets

Net assets of the Association are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Association.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated net assets include $2,162,542 of quasi-endowment funds and $4,902,396 of designations for future investment and potential cash flow operating needs. The board designations include cash equivalents designated for future use on the consolidated balance sheet.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair market value. Estimated fair values are provided by external investment managers. The Association reviews and evaluates the values provided by the investment manager and agrees with the valuation methods and significant assumptions used in determining fair value of the nonmarketable alternative investments.

These alternative investments include hedged investments and private investments, which may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for these securities existed.

Accounts Receivable

Accounts receivable are stated at the applicable membership or program fee. The Association's policy is to record accounts receivable for certain types of memberships and programs when a commitment to participate has been made by the third party to the Association. An allowance for uncollectible amounts is calculated by considering historical losses and applying that information to total accounts receivable. Amounts deemed to be uncollectible are charged to the provision for doubtful accounts in the period that such a determination is made. The Association has recorded an allowance for doubtful accounts for accounts receivable of $75,000 at December 31, 2022.

Cash and Contributions Restricted for Investment in Property, Plant, and Equipment

Cash and contributions restricted for investment in property, plant, and equipment represents amounts collected and pledges received related to the Association's Revitalize and Thrive campaign that are restricted for future improvements to the Association's property, plant, and equipment. Contributions receivable restricted for investment in property, plant, and equipment are recorded as revenue when an irrevocable promise to give is received. The revenue is measured at the present value of expected cash flows.

Assets Held for Sale

Assets held for sale represent property that was being actively marketed for sale at year end. These assets are recorded at the lower of the net book value or estimated fair value less costs to sell.

Property, Plant, and Equipment

Purchased property, plant, and equipment are recorded at cost. Property and equipment received as contributions are recorded at the fair market value at the date of receipt. When certain events or changes in operating conditions occur, an impairment assessment is performed and the value and lives of property and equipment may be adjusted. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Costs of repairs and maintenance are charged to expense as incurred.

Revenue Recognition

The Association has revenue resulting from contracts with members and participants related to membership dues and service fees. Total revenue from contracts with customers for the year ended December 31, 2022 was $14,510,671. In some situations, the Association collects cash prior to the satisfaction of the performance obligation, which results in the Association recognizing contract liabilities. These contract liabilities are reflected within deferred revenue in the accompanying consolidated balance sheet.

Note 2 - Significant Accounting Policies (Continued)

Membership Dues

Membership dues are reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing member services. Family and individual memberships are available on an annual basis. Most of the membership dues are billed and paid on a monthly basis via electronic payment methods.

For memberships, the Association has performance obligations based on the nature of the services provided and include performance obligations to provide access to the facilities, such as the gym, pool, and exercise equipment, to members each month. The annual membership price is allocated, and revenue is recognized on a straight-line basis throughout the annual membership period since the performance obligation is the same each month (i.e., to provide access to facilities). There are no receivables associated with memberships since the payments are automatically withdrawn from member bank accounts or charged to member credit cards.

Membership dues constitute approximately 42 percent of total revenue from contracts with members and participants for the year ended December 31, 2022.

Camping and Program Fees

For camping and program fee revenue, the Association has performance obligations related to child care services, programs, and camps.

The performance obligation related to child care is to provide daily child care services. The transaction price is based on a weekly rate for services provided each week. Since services are provided on a daily basis, the transaction price is allocated on a straight-line basis for each day that care is provided. Child care is billed and recognized as revenue over time because the performance obligation is satisfied as the services are performed. Accounts receivable exist for unpaid amounts, the majority of which has an allowance for doubtful accounts established. Deferred revenue is recorded for amounts paid in advance.

The Association provides a variety of programs for a fee, including aquatics, sports, fitness classes, etc. The duration of the programs is generally short (approximately six to eight weeks). The contract is to provide the program in exchange for a fee. The performance obligation related to programs is to provide the program (i.e., class or scheduled gym space), which is provided equally throughout the duration of the program. The transaction price is allocated on a straight-line basis because the services are provided equally throughout the duration of the program. There are generally no receivables or deferred revenue, as participants cannot participate if they do not pay, and payment is received shortly before the program starts.

The Association offers camping programs throughout southeastern Michigan. Individuals and groups enroll in the camp programs. The camping programs are provided in exchange for a fee. The performance obligation related to the camp programs is to provide the camping program for the duration for which the individual or group has signed up. The price is allocated on a straight-line basis because the services are provided equally throughout the duration of the camping program. Camp fees are charged and paid in advance of the services provided. The Association defers prepaid camp fees until the services are provided. Revenue is recognized on a straight-line basis over the period the camping program is provided.

Camping and program fee revenue constitutes approximately 56 percent of total revenue from contracts with customers for the year ended December 31, 2022.

Revenue from the sale of certain types of memberships and programs is deferred and recognized as income over the period of the membership or program.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as support without donor restrictions. Other donor-restricted gifts are reported as donor-restricted support and net assets with donor restrictions.

The Association's policy is to record pledges when such pledges are made to the Association, less an allowance for uncollectible amounts, if applicable. The Association has recorded an allowance for doubtful accounts for contributions receivable of $160,000 at December 31, 2022, of which $110,000 relates to the contributions receivable restricted to investment in property, plant, and equipment.

Donated Services and Assets

Certain donated services are recognized as support in the consolidated statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. There were no in-kind contributions for the year ended December 31, 2022.

Other volunteers have donated significant amounts of their time to the Association's program services. These volunteer services are not recordable under accounting principles generally accepted in the United States of America. The value of the volunteer services is not disclosed, as no objective basis is available to measure the value of such services.

Long-lived Assets

The Association reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. There were no gifts of long-lived assets in 2022.

Grants and Government Contracts

Grants and government contracts are generally recognized as services are provided. Grant money received in excess of that earned of $917,719 is recorded as deferred revenue.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Depreciation and amortization are allocated on the basis of the program or support service, which uses the fixed asset. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 2 - Significant Accounting Policies (Continued)

Financial Assistance

The Association provides financial assistance to low-income individuals for membership and program fees. Membership and program fees revenue has been reported net of any applicable financial assistance.

Income Taxes

The Association is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS) or other applicable taxing authorities. Management has analyzed the tax positions taken by the Association and has concluded that, as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2019.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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, expenses, and other changes during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk Arising from Deposit Accounts

The Association maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Association evaluates the financial institutions with which it deposits funds; however, it may not be practical to insure all cash deposits.

Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended December 31, 2021 is not intended to be a complete consolidated financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's 2021 consolidated financial statements, from which the summarized information was derived.

Subsequent Events

Management evaluated subsequent events through April 18, 2023, which is the date the consolidated financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2022, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Association elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied apply the following practical expedients:

- The Association did not reassess if expired or existing contracts are or contain a lease.
- The Association did not reassess the lease classification for expired or existing leases.
- The Association did not reassess initial direct costs for any existing leases.
- The Association used hindsight to determine the lease term and to assess impairment of the right-of-use assets for existing leases
- The Association has not reassessed whether any existing or expired land easements that were not previously classified as leases are or contain a lease.

As a result of the adoption of the ASU, the Association recorded a right-of-use asset of $375,198 and $22,562 for financing and operating leases, respectively, and a lease liability of $366,653 and $22,562 for financing and operating leases, respectively as of January 1, 2022 for existing operating and financing leases. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Contributions Receivable

Included in contributions receivable at December 31, 2022 are several unconditional promises to give. They are expected to be collected as follows:

Contributions receivable	$ 2,041,343
Less allowance for uncollectible contributions	(160,000)
Net contributions receivable	$ 1,881,343
Less than one year	$ 1,170,006
One to five years	871,337
Total	$ 2,041,343

During the year ended December 31, 2022, the Association received a contribution of $1,000,000 with $666,666 conditioned upon of raising matching contributions for the Association's youth swim programs. Under the terms of the grant, if conditions are met, the Association will receive $333,333 in 2023 and $333,333 in 2024. The Association receives conditional contributions for the purpose of ongoing programs that are not recognized as revenue within the consolidated statement of activities and changes in net assets until the conditions are met. Conditional contributions are received from federal and nonfederal sources and revenue is conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. The amount pledged through conditional contributions not yet recognized as revenue is approximately $1,127,000 at December 31, 2022.

Note 5 - Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2022 are summarized as follows:

	Amount	Depreciable Life - Years
Land	$ 1,648,638	-
Land improvements	1,674,162	10-15
Buildings	52,164,976	15-50
Building improvements	15,966,997	10-15
Machinery and equipment	1,345,511	2-5
Transportation equipment	390,584	5
Furniture and fixtures	3,215,279	5-10
Computer equipment and software	1,340,099	3-5
Total cost	77,746,246	
Accumulated depreciation	51,378,138	
Net property, plant, and equipment	$ 26,368,108	

Depreciation expense for 2022 was $2,285,601. During the year ended December 31, 2020, the Association elected to close three branch locations. Of these, one property remains held for sale on the consolidated balance sheet. The Association determined the estimated fair value of the building was lower than the net book value and recorded an impairment loss of $2.5 million for the year ended December 31, 2021 and an additional impairment loss of $500,000 for the year ended December 31, 2022. The estimated fair value was based on the expected eventual sale price of the facility. Subsequent to year end, the Association received a revised offer from the buyer of the North Oakland branch. Based on changes to the proposed plans for the property, the buyer reduced the previous offer in April 2023. As a result, the book value at December 31, 2022 exceeds the expected sales price by $500,000; therefore, the Association expects to incur an additional loss on the sale. The Association will continue to monitor market conditions to determine if further impairment is indicated in future periods.

Note 6 - Long-term Debt

In June 2014, the Organization entered into an agreement with the Michigan Strategic Fund to issue the Series 2014 Variable Rate Limited Obligation Revenue Refunding Bonds (Series 2014 Bonds) to pay off the remaining principal on the 2001 and 2003 Bonds. The Series 2014 Bonds were directly purchased by a bank for the outstanding principal amount of $28,135,000.

The maturity date of the bond agreement was July 1, 2034; however, under the purchase agreement, the bank had the right to redeem the Series 2014 Bonds on June 1, 2021. In February 2021, the bond agreement was amended. Additionally, the bank provided a certificate of extension, extending the Bank Purchase Rate Mandatory Tender Date to May 31, 2024.

Based on the amended agreement, principal monthly payments of approximately $71,000 are due through May 2024, $270,000 from June 2024 through March 2025, and $98,000 thereafter until the maturity of the Series 2014 Bonds. Payments are due on the first day of each month. The debt bears interest at the rate of 0.65001 percent multiplied by the sum of LIBOR and 210 basis points (an effective rate of 4.077 percent at December 31, 2022. The amount reported at December 31, 2022 is $13,549,190, which represents the outstanding principal due of $13,802,940, net of unamortized debt issuance costs of $253,750. Debt issuance costs are being amortized on a straight-line basis over the term of the bonds. Amortization expense was $22,068 in 2022. Subsequent to year end, the 10th amendment on the Series 2014 Bonds was finalized, which changed the interest rate from LIBOR to SOFR, adjusted the amortization schedule, and completed the redemption notice from the bank for May 31, 2024.

Note 6 - Long-term Debt (Continued)

The debt is collateralized by accounts receivable; legally available investments; and substantially all land, buildings, and equipment of the Organization and the Foundation. In addition, the Association is subject to meeting certain financial covenants, including maintaining certain monthly financial results and maintaining assets without donor restrictions.

In June 2021, the Organization received a $1,248,065 installment note loan from its bank to pay off outstanding equipment term loans of $748,065 and the $500,000 line of credit balance. The note is payable in monthly installments of approximately $27,000 beginning on July 1, 2021 through December 1, 2024. The note had an interest rate of 6.653 percent at December 31, 2022. The balance of the note was $649,640 at December 31, 2022.

During 2020, the Organization obtained new financing of approximately $82,000 to purchase equipment. Payments are due in monthly installments of approximately $1,500 over the 63-month term. The balance of the loan was $43,302 at December 31, 2022.

Minimum principal payments on the bonds and notes payable to maturity as of December 31, 2022 are as follows:

Years Ending	Amount
2023	$ 1,445,962
2024	1,526,450
2025	1,194,859
2026	1,185,823
2027	1,185,823
Thereafter	7,956,965
Total	$ 14,495,882

Interest expense for 2022 was $440,456, which includes $22,068 of bond amortization expense.

Note 7 - Leases

The Association is obligated under operating leases primarily for use of space, expiring at various dates through 2023. The right-of-use asset and related lease liability have been calculated using the risk-free discount rates ranging from 2.79 percent to 4.01 percent. The leases require the Association to pay taxes, insurance, utilities, and maintenance costs.

The Association has made a policy election not to separate lease and nonlease components for the operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability for the leases of space expiring in 2023.

The Association leases fitness and office equipment under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments of $1,525 are due monthly through 2025. The right-of-use asset and related lease liability have been calculated using risk-free discount rates ranging from 0.91 percent to 4.00 percent.

The Association has made a policy election not to separate lease and nonlease components for the financing leases for fitness and office equipment. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Note 7 - Leases (Continued)

Expenses recognized under these leases for the year ended December 31, 2022 are recognized on the straight-line basis and consist of the following:

Finance lease cost:	
Amortization of right-of-use assets	$ 161,388
Interest on lease liabilities	2,666
Operating lease cost	7,701
Total lease cost	$ 171,755
Other information:	
Weighted-average remaining lease term - Finance leases	9.38 months
Weighted-average remaining lease term - Operating leases	7.64 months
Weighted-average discount rate - Finance leases	1.7 %
Weighted-average discount rate - Operating leases	3.6 %

Future minimum rent on noncancelable leases as of December 31, 2022 for each of the next five years, and in the aggregate, is as follows:

Years Ending December 31	Operating Leases	Direct Finance Leases	Total Payments
2023	$ 15,303	$ 142,512	$ 157,815
2024	-	59,994	59,994
2025	-	8,847	8,847
Total	15,303	211,353	226,656
Less amount representing interest	-	1,653	1,653
Present value of net minimum lease payments	15,303	209,700	225,003
Less current obligations	15,303	142,512	157,815
Long-term obligations under leases	$ -	$ 67,188	$ 67,188

Note 8 - Donor-restricted Net Assets

Net assets with donor restrictions as of December 31, 2022 are available for the following purposes:

Subject to expenditures for a specified purpose and the passage of time	$ 4,942,592
Subject to the passage of time - Life Income Fund	237,424
Subject to the Association's spending policy and appropriation (Note 13)	3,458,641
Total	$ 8,638,657

The Life Income Fund includes resources and obligations created by various split-interest agreements entered into with donors. Under the terms of the contracts, the Association is required to invest amounts received and distribute the investment income, net of related expenses, to designated beneficiaries.

Note 8 - Donor-restricted Net Assets (Continued)

Upon the death of a beneficiary, the principal remaining under each contract reverts to the Association or other designated beneficiaries, in accordance with the terms of the respective contract. Investments are recorded at fair market value. Liabilities are recorded at the net present value of payments due using the 1980 commissioner's standard ordinary mortality table and discount rates ranging from 6 to 7 percent.

Note 9 - Van Dusen Endowment

Certain funds donated by outside donors for the benefit of the Association are held and managed by the Community Foundation for Southeastern Michigan (the "Community Foundation"). The Community Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Association. The fair market value of these funds is $1,965,949 at December 31, 2022. These funds are not reflected in the consolidated financial statements. Earnings are available for distribution to the Association for operations at the discretion of the Community Foundation and are, therefore, not reflected as revenue in the consolidated financial statements until received by the Association. During the year ended December 31, 2022, the Community Foundation distributed $92,446 to the Association.

Note 10 - Retirement Plans

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 (the "Code"), 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 (the "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 Young Men's Christian Associations (YMCAs) throughout 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 agreement between the Association and the Fund, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salaries. These amounts are paid by the Association. Total contributions charged to retirement costs in the fiscal year were approximately $654,000.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution in this plan.

Note 11 - Related Party Transactions

During 2022, the Association conducted various transactions with entities that have owners or key employees who are Association board members. The following is a summary of the significant transactions:

Electricity and gas	$ 1,313,382
Marketing and promotion	215,886

Note 12 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following table presents information about the Association's assets measured at fair value on a recurring basis at December 31, 2022 and the valuation techniques used by the Association to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Assets				
Investments - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor:				
Index funds	$ 3,421,370	$ -	$ -	$ 3,421,370
Mutual funds	371,710	-	-	371,710
Fixed income and preferred stocks	-	4,044,891	-	4,044,891
Total	$ 3,793,080	$ 4,044,891	$ -	7,837,971
Investments measured at net asset value - Alternative investments:				
Hatteras multistrategy				182,909
JLL Property Income Trust				561,855
Total assets				$ 8,582,735

Note 12 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The alternative investments valued at net asset value consist of investments in the Hatteras Multi-Strategy TEI Institutional Fund, L.P. (the “Hatteras”) and the JLL Property Income Trust (the "Trust").

The Hatteras is a closed-end investment management company registered under the Investment Company Act of 1940, as amended. The Foundation holds a limited partnership interest in the Hatteras. This fund of funds investment invests in hedged investments and private investments. The Hatteras' investment objective is to provide capital appreciation consistent with the return characteristics of larger endowments. The estimated fair value of the Association's interest in the investment company is provided by an external investment manager and is based on net asset value per share (or its equivalent) of the investment company. The Association reviews and evaluates the values provided by the investment manager and agrees with the valuation methods and significant assumptions used in determining fair value. At December 31, 2022, the Association had no unfunded commitments with the investment company. Liquidity is made available, through a tender process, on a quarterly basis with 65 days' notice.

The JLL Income Property Trust is an institutionally managed, daily valued, perpetual life real estate investment trust (REIT). The Trust's investment objective is to acquire, own, and actively manage a broadly diversified portfolio of core properties and real estate-related assets that aims to generate income for stockholders. The estimated fair value of the Association's interest in the trust is provided by an external investment manager and is based on net asset value per share (or its equivalent) of the trust. The Association reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. At December 31, 2022, the Association had no unfunded commitments with the Trust. After an initial one-year holding period, liquidity is made available through a daily share repurchase plan, subject to certain limitations.

Note 13 - Donor-restricted and Board-designated Endowments

The Association's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Association is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Furthermore, unrealized and realized gains and losses are considered appropriated in the year they occur and simultaneously designated by the board. The board of directors of the Association had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Association has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Association and the donor-restricted endowment fund

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

	Endowment Net Asset Composition by Type of Fund as of December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 2,158,486	$ -	$ 2,158,486
Donor-restricted endowment funds - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor:	-	3,458,641	3,458,641
Total	$ 2,158,486	$ 3,458,641	$ 5,617,127

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 3,156,128	$ 3,453,641	$ 6,609,769
Investment return:			
Investment income	155,238	-	155,238
Net depreciation (realized and unrealized)	(1,147,539)	-	(1,147,539)
Total investment return	(992,301)	-	(992,301)
Contributions	-	5,000	5,000
Appropriation of endowment assets for expenditure	(5,341)	-	(5,341)
Endowment net assets - End of year	$ 2,158,486	$ 3,458,641	$ 5,617,127

Underwater Endowment Funds

As of December 31, 2022, there were no funds with deficiencies.

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies 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 the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the market index, or blended market index, net of fees selected and agreed upon by the Foundation's board that most closely correspond to the style of investment management, while displaying an overall level of risk in the portfolio, which is consistent with the risk associated with the benchmark specified. The Association expects its endowment funds, over time, to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

Strategies Employed for Achieving Objectives

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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association typically has a policy of appropriating for distribution each year 6 percent of its endowment fund's average fair value for the previous three years as of March 31 through the calendar year end preceding the fiscal year in which the distribution is planned.

In establishing the annual distribution policy, the Association expects to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of the assets. The Association has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Note 14 - Pandemic Relief Funding

The CARES Act of 2020 introduced the Employee Retention Credit (ERC) as pandemic relief for eligible organizations. The ERC is a refundable credit against certain employment taxes and qualifies as a government grant. Under generally accepted accounting principles, government grants are recognized as revenue in the period in which an organization substantially overcomes all measurable barriers to be entitled to the funding. Management has determined that the measurable barriers that must be overcome for entitlement to the ERC funding are qualifying for the credits based on meeting the threshold for gross receipts decline in 2021 compared to 2019 and incurring eligible payroll expenses. For the year ended December 31, 2021, the Organization determined these conditions have been met and recognized approximately $2.4 million of ERC revenue on the consolidated statement of activities and changes in net assets and recognized a corresponding receivable within contributions receivable of $1.2 million within other receivables on the consolidated balance sheet.

The Organization’s ERC claim is subject to review by the Internal Revenue Service within the applicable statute of limitations. If a portion or all of the ERC is determined to be ineligible upon IRS review, the Organization would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes.

Note 15 - Liquidity and Availability of Financial Resources

The following reflects the Association's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

Financial assets at year end	$ 19,842,580
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Restricted by donor for capital use	676,154
Subject to appropriation and satisfaction of donor restrictions	3,458,641
Investments held in annuity trust	237,424
Board-designated endowment:	
Endowment fund, primarily for long-term investing	2,162,542
Contribution	1,402,396
Financial assets available to meet cash needs for general expenditures within one year	$ 11,905,423

The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, while it also realizes there could be unanticipated liquidity needs. The Association considers general expenditures to include all costs with the exception of bond debt service costs, principal and interest, and capital outlay. In addition, the Association invests cash in excess of daily requirements in various short-term investments.

The Association received a significant unrestricted gift in 2020. The gift has been board designated for future investment and for cash flow operating needs. It is estimated that approximately $3,500,000 will be appropriated for general expenditures in 2023.

The Association’s endowment consists of a board-designated endowment of $2,162,542 at December 31, 2022, in addition to the donor-restricted endowment. Income from the endowment is not restricted and, therefore, available for general expenditure. As described in Note 14, the Association elected not to take an annual distribution from the donor-restricted endowment in 2022 due to the releases approved by the State of Michigan Attorney General and the Wayne County Probate Court. The Association plans to forgo an annual distribution from the donor-restricted endowment in 2023.

Note 16 - Management's Plan

The Association continues to struggle with the impacts of previous multiyear declines in membership units, aging facilities, and significant debt. These challenges were compounded by the pandemic and the resulting mandatory closures and the disruptions in normal operations, which led to significant declines in program and membership revenue, as well as a significant decrease in membership units resulting in historically low membership levels.

The Association has been working to rebuild membership and program levels, but membership units continue to be below pre-pandemic levels. Given these challenges, as well as the upcoming expiration of the current debt agreements, there is substantial doubt about the Association’s ability to meet its obligations as they come due for the 12-month period after the financial statement report date.

The Association has implemented the following plans to mitigate the impact of the pandemic and other financial and operational challenges:

Note 16 - Management's Plan (Continued)

- The Association has implemented a reduced staffing structure in alignment with current revenue levels. The current staffing model remains at approximately 50 percent of pre-pandemic levels.
- The Association has closed three branches since the start of the pandemic. The last of these properties, the North Oakland branch, remains for sale, and is currently under contract with a buyer. It is anticipated that the sale will be finalized in 2023.
- In addition to the sale of the North Oakland branch, Association leadership is assessing operating performance and property values at each of the remaining branches and is considering further decisions about potential branch closures in the near future.
- In 2020, the Probate Court for the County of Wayne approved a petition to release from charitable restrictions $3,085,457 of the Association's donor-restricted endowment funds to support operating cash flow needs. Management has accessed these funds as necessary to manage through the financial challenges brought on by the pandemic. To date the Association has utilized $2 million of these funds to meet operating cash flow needs, leaving $1,085,457 available for future needs.
- The Association received a $10 million unrestricted gift in 2020. The gift has been instrumental in enabling the Association to deal with the negative financial impacts of the pandemic. The Association used $5 million of the gift in 2022 as part of its pandemic recovery plan, leaving approximately $5 million available for future use.
- The Association launched the Revitalize and Thrive fundraising campaign in 2021, with a goal of raising $15 million to invest in capital improvements at the branches as well as the expansion of important community initiatives work. To date the campaign has raised over $10 million in pledges and grants. Targeted capital projects have been completed based on payments received and will continue as payments are received in the future. A core component of the Association's turnaround plan is investments in facilities, and the Revitalize and Thrive campaign is an important step in generating the funds needed to make these investments, which are critical to retaining and attracting members to the Association.
- Management applied for $2,435,225 through the Employee Retention Credit in 2021. To date, $1,234,153 has been received, and the remaining balance is expected to be received in 2023 and will be used to meet operating cash flow needs.
- In 2022, the Michigan Legislature prioritized support of child care providers across Michigan by establishing the Child Care Stabilization Grant, a noncompetitive grant for child care providers to help stabilize operations and support the health and safety of children and staff. As a major child care provider in southeastern Michigan, the Association received more than $4 million in Stabilization funding. The funding has been used to support and stabilize licensed child care sites, prioritizing investments in staffing to enhance the long-term quality of the program. Based on the stated priorities of the Michigan Legislature, management anticipates continuing support of child care programs in 2023 and potentially beyond.

Note 16 - Management's Plan (Continued)

Though the COVID-19 pandemic heightened the Association’s risk factors, management continues to believe that long-term financial sustainability can be achieved through investments in staff and facilities designed to improve and enhance the member experience, the key components of the turnaround plan. The Association has prioritized funding opportunities, including grants, gifts, and COVID-19 relief funding to focus on implementing the turnaround plan and achieving financial sustainability in the future. While association management is taking steps to mitigate the financial impacts of the pandemic and to address other operating and financial issues, there can be no assurance that these efforts will be successful and enable the Association to meet its obligations as they come due.

This Organization is a 170-year-old, mission-driven community benefit organization, committed to youth, family, and community, and leadership intends to take appropriate financial and other actions to allow the Association to continue to serve metropolitan Detroit as a relevant and impactful organization for another century. To be successful, these actions will require continuing and enhanced support from donors, members, volunteers, staff, and local government.