YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
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YEARS ENDED AUGUST 31, 2023 AND 2022**

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Young Men's Christian Association
of Metropolitan Milwaukee, Inc.
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Metropolitan Milwaukee, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of Metropolitan Milwaukee, Inc. as of August 31, 2023 and 2022, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Metropolitan Milwaukee, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As described in Note 1 to the financial statements, Young Men's Christian Association of Metropolitan Milwaukee, Inc. adopted new accounting guidance for leases for the year ended August 31, 2023. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Board of Directors
Young Men's Christian Association
of Metropolitan Milwaukee, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Metropolitan Milwaukee, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
March 28, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 2,089,878	$ 2,635,052
Investments	4,429,908	3,828,793
Accounts Receivable, Net	125,112	202,121
Grants Receivable	261,694	1,185,649
Pledges Receivable, Net	329,357	329,155
Prepaid Expenses	1,337,309	1,353,347
Property and Equipment, Net	9,423,213	8,883,345
Other Assets	675,831	680,836
ROU Asset Operating	2,909,982	-
ROU Asset Financing	259,231	-
Total Assets	$ 21,841,515	$ 19,098,298
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 731,558	$ 982,646
Accrued Liabilities	502,103	341,557
Deferred Revenue	86,664	58,677
Other Liabilities	1,056,139	1,653,108
Capital Lease Obligations	-	412,542
Lease Liability - Operating	3,130,476	-
Lease Liability - Financing	262,051	-
Total Liabilities	5,768,991	3,448,530
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,133,891	9,147,655
Board-Designated	1,484,329	1,679,981
Total Without Donor Restrictions	11,618,220	10,827,636
With Donor Restrictions	4,454,304	4,822,132
Total Net Assets	16,072,524	15,649,768
Total Liabilities and Net Assets	$ 21,841,515	$ 19,098,298

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	$ 981,055	$ 1,807,389	$ 2,788,444
Government and Private Grants	396,798	-	396,798
Employee Retention Credit	275,792	-	275,792
United Way	45,065	225,331	270,396
Membership Fees	2,276,398	-	2,276,398
Program Fees	7,280,717	-	7,280,717
Services and Sales	270,183	-	270,183
In-Kind Revenue	23,465	-	23,465
Other	352,162	21,989	374,151
Satisfaction of Restrictions	2,520,547	(2,520,547)	-
Total Revenues, Gains, and Public Support	14,422,182	(465,838)	13,956,344
EXPENSES			
Program	10,950,248	-	10,950,248
Management and General	2,621,044	-	2,621,044
Fundraising	291,378	-	291,378
Total Expenses	13,862,670	-	13,862,670
CHANGE IN NET ASSETS FROM OPERATIONS	559,512	(465,838)	93,674
NONOPERATING REVENUES AND EXPENSES			
Net Investment Gain	231,072	95,133	326,205
Change in Cash Surrender Value of Life Insurance	-	2,877	2,877
Total Nonoperating Revenues and Expenses	231,072	98,010	329,082
CHANGE IN NET ASSETS	790,584	(367,828)	422,756
Net Assets - Beginning of Year	10,827,636	4,822,132	15,649,768
NET ASSETS - END OF YEAR	$ 11,618,220	$ 4,454,304	$ 16,072,524

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	$ 463,057	$ 1,637,508	$ 2,100,565
Government and Private Grants	1,877,871	-	1,877,871
Gain on Extinguishment of Debt	3,546,632	-	3,546,632
United Way	51,586	257,934	309,520
Membership Fees	1,971,478	-	1,971,478
Program Fees	6,384,548	-	6,384,548
Services and Sales	274,953	-	274,953
In-Kind Revenue	12,184	-	12,184
Other	396,437	1,120	397,557
Satisfaction of Restrictions	2,375,411	(2,375,411)	-
Total Revenues, Gains, and Public Support	17,354,157	(478,849)	16,875,308
EXPENSES			
Program	10,640,818	-	10,640,818
Management and General	2,642,601	-	2,642,601
Fundraising	286,329	-	286,329
Total Expenses	13,569,748	-	13,569,748
CHANGE IN NET ASSETS FROM OPERATIONS	3,784,409	(478,849)	3,305,560
NONOPERATING REVENUES AND EXPENSES			
Net Investment Loss	(155,307)	(452,492)	(607,799)
Change in Cash Surrender Value of Life Insurance	-	15,189	15,189
Total Nonoperating Revenues and Expenses	(155,307)	(437,303)	(592,610)
CHANGE IN NET ASSETS	3,629,102	(916,152)	2,712,950
Net Assets - Beginning of Year	7,198,534	5,738,284	12,936,818
NET ASSETS - END OF YEAR	$ 10,827,636	$ 4,822,132	$ 15,649,768

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program	Management and General	Fundraising	Total Functional Expenses
EXPENSES - GENERAL OPERATIONS				
Salaries, Wages, and Related Expenses	$ 6,916,378	$ 1,468,540	$ 266,346	$ 8,651,264
Professional Fees	27,812	261,899	12,000	301,711
Program and Supplies Expense	965,273	43,931	403	1,009,607
Postage and Shipping	3,259	13,510	1,142	17,911
Occupancy	1,356,378	6,754	-	1,363,132
Utilities and Telephone	423,138	115,687	-	538,825
Insurance	139,813	-	-	139,813
Equipment Leases, Rental, and Maintenance	79,009	400,764	-	479,773
Advertising, Printing, and Promotion	2,091	69,016	3,377	74,484
Conferences, Training, and Employee Expense	140,680	42,544	8,110	191,334
Dues	2,348	190,981	-	193,329
Interest Expense	18,467	-	-	18,467
Bad Debt	50,799	-	-	50,799
Depreciation and Amortization	824,803	7,418	-	832,221
Total Expenses - General Operations	$ 10,950,248	$ 2,621,044	$ 291,378	$ 13,862,670

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program	Management and General	Fundraising	Total Functional Expenses
EXPENSES - GENERAL OPERATIONS				
Salaries, Wages, and Related Expenses	$ 6,486,212	$ 1,462,904	$ 241,894	$ 8,191,010
Professional Fees	77,275	330,569	30,000	437,844
Program and Supplies Expense	968,902	30,234	64	999,200
Postage and Shipping	4,436	19,883	788	25,107
Occupancy	1,451,447	8,584	-	1,460,031
Utilities and Telephone	441,191	105,974	-	547,165
Insurance	148,848	-	-	148,848
Equipment Leases, Rental, and Maintenance	69,417	381,342	-	450,759
Advertising, Printing, and Promotion	12,841	76,646	6,390	95,877
Conferences, Training, and Employee Expense	153,647	38,164	7,193	199,004
Dues	2,122	155,778	-	157,900
Interest Expense	-	25,105	-	25,105
Bad Debt	82,788	-	-	82,788
Depreciation	741,692	7,418	-	749,110
Total Expenses - General Operations	$ 10,640,818	$ 2,642,601	$ 286,329	$ 13,569,748

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 422,756	$ 2,712,950
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	856,395	749,110
Amortization of ROU Asset	531,873	-
Provision for Bad Debt	50,799	82,788
Deferred Gain on Sale Leasebacks	(97,889)	(131,058)
Gain on Extinguishment of Debt	-	(3,546,632)
Change in Cash Surrender Value of Life Insurance	(2,877)	(15,189)
Realized (Gain) Loss on Investments	1,556	(38,926)
Unrealized (Gain) Loss on Investments	(236,301)	749,808
Effects of Changes in Operating Assets and Liabilities:		
Accounts and Grants Receivable	950,165	(375,158)
Pledges Receivable	(202)	(128,183)
Prepaid Expenses and Other Assets	23,920	162,328
Accrued Liabilities and Other Liabilities	(338,534)	(368,063)
Accounts Payable	(490,552)	(903,699)
Deferred Revenue	27,987	17,686
Lease Liability - Operating	(179,186)	-
Lease Liability - Financing	(156,366)	-
Net Cash Provided (Used) by Operating Activities	1,363,544	(1,032,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Purchase of Fixed Assets	(1,391,857)	(526,955)
Purchases of Investments	(1,624,002)	(1,706,653)
Proceeds from the Sale of Investments	1,257,632	1,603,569
Net Cash Used by Investing Activities	(1,758,227)	(630,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capitalized Lease Payments	-	(132,686)
Financing Lease Payments	(150,491)	-
Net Cash Used by Financing Activities	(150,491)	(132,686)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(545,174)	(1,794,963)
Cash and Cash Equivalents - Beginning of Year	2,635,052	4,430,015
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,089,878	$ 2,635,052

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Young Men's Christian Association of Metropolitan Milwaukee, Inc. (the YMCA) is a nonprofit, volunteer-led, human development charitable organization whose mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all.

The YMCA is a diverse organization of men, women, and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living, and fostering a sense of social responsibility. Since no two communities are exactly alike, no two YMCAs are exactly alike. They are united by a deep commitment to strengthening their communities and to ensure that those they serve learn, grow, and thrive. Core programs include health and well-being, early childhood education, elementary education and academic mentoring, camping, aquatics, youth leadership, and family programs. The YMCA's financial assistance program provides funds for those in need – everyone is welcome to participate in YMCA programs.

Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The donors of these resources permit the YMCA to use all or part of the income earned, including capital appreciation, for purposes with or without donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The YMCA defines cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes.

The YMCA may at times have funds on deposit at one financial institution that exceeds the federally insured limits.

Investments and Investment Income

Investments are generally recorded at fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The YMCA records the change of ownership of bonds and stocks on the day a trade is made.

Investment income is reported as operating revenue and is included in the changes in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Accounts Receivable

Accounts receivable are generally uncollateralized member/client obligations due upon receipt. Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Beginning in 2018, the carrying amount of accounts receivable is reduced by an allowance for doubtful accounts deemed appropriate by management based on past experience. Accounts receivable over 90 days past due are written off as uncollectible. The allowance for uncollectible accounts is $1,517 as of August 31, 2023 and 2022.

Grants Receivable

Grants receivable consist of various federal and state grant funds passed through governmental agencies to the YMCA for various programs. Management believes no allowance for uncollectible grants is required based upon management’s judgment and consideration of the collectability of each grant.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional promises to give to the YMCA are recorded as receivables in the year the pledge was made. Pledges and other promises to give whose eventual uses are restricted by the donor are recorded as increases in net assets with donor restrictions. Pledges without donor restrictions to be collected in future periods are also recorded as an increase in net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Unconditional promises to give are reported in the statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history.

Credit Risk

Financial instruments, which potentially subject the YMCA to concentrations of credit risk, consist of cash and cash equivalents, receivables, and investments. These financial instruments are carried at their approximate fair value. The YMCA's policy is to limit credit exposure on financial instruments and place its cash with financial institutions deemed as being credit worthy.

Concentration of credit risk with respect to receivables is limited due to the large member base and the expectation that government programs will make timely payments.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land Improvements	15 Years
Buildings and Improvements	10 to 50 Years
Machinery and Equipment	5 to 12 Years
Leasehold Improvements	30 to 50 Years

Impairment of Long-Lived Assets

The YMCA reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

Deferred Revenue

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program service fees are earned. Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

Tax-Exempt Status

The YMCA is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC. The YMCA had no unrelated business income for the years ended August 31, 2023 and 2022. None of the YMCA’s federal or state informational returns are currently under examination.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. No conditional contributions exist at August 31, 2023 and 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Grant revenue is recognized as revenue in the period in which it is expended for cost-reimbursed agreements. The YMCA received cost reimbursable grants of $2,544 and $477,130 that have not been recognized at August 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

Membership dues are recognized ratably over the period of membership, which varies based on when members join or leave the YMCA. Unearned membership revenue is reflected as deferred revenue on the statements of financial position. Membership revenue is recognized monthly as the services are provided. Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized as the average length of a membership contract is less than one year. Dues revenue is allocated among the performance obligations and is recognized when each of the performance obligations are satisfied, as follows:

- Monthly access to the various YMCA locations and services included in the monthly membership – recognized monthly as service is provided.
- Discounted program service fees – recognized during the year in which the discount is actually taken and the program service provided.

Program fees are reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing services to their program participants. Program fees include fitness classes, childcare, camps, swim lessons, and various other programs operating at YMCA locations, program sites or schools. Performance obligations are generally providing a service at a point in time. Revenue is recognized at the time the program is held. Unearned program fees are reflected as deferred revenue on the statements of financial position.

Services and sales include one-time sales of various items at the YMCA locations. Revenue is recognized at the point in time of the sale as no subsequent performance obligations exist.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Assets

The YMCA receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the years ended August 31, 2023 and 2022.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was $74,484 and $95,877 for the years ended August 31, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, while the remaining natural expense categories are allocated on the basis of estimates of time and effort toward program and supporting services.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard increases transparency and comparability among organizations by requiring lessees to reflect most leases on their statement of financial position as lease liabilities with a corresponding right-of-use (ROU) asset, while leaving presentation of lease expense in the statement of activities largely unchanged. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The YMCA adopted the requirements of the guidance effective September 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The YMCA has elected to adopt the package of practical expedients available in the year of adoption. The YMCA has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the YMCA's ROU assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

As a result of the adoption of the new lease accounting guidance, the YMCA recognized, on September 1, 2022:

- An operating lease liability of $3,531,022, which represents the present value of the remaining operating lease payments of $4,090,985, discounted using a risk-free rate of 3.26%, and
- An operating ROU asset of $3,309,662.

There was no effect to net assets as a result of recording the lease liabilities and related ROU assets.

Leases

The YMCA determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The YMCA recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. See Notes 9 and 10 for additional information on the YMCA's leases as of and for the year ended August 31, 2023. See Note 8 for additional information on the YMCA's leases as of and for the year ended August 31, 2022, which were accounted for under ASC 840, *Leases*.

ROU assets represent the YMCA's right to use an underlying asset for the lease term and lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the YMCA will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The YMCA has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual operating lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the YMCA has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all operating lease liabilities. For finance lease contracts, the interest rate is imputed based on the value of the equipment and the scheduled payment amounts.

The YMCA has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 2 LIQUIDITY AND AVAILABILITY

The YMCA regularly monitors liquidity required to meet its operating needs and other contractual commitments and has cash and cash equivalents, investments, and receivables at its disposal for these needs.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the YMCA considers all expenditures related to its ongoing activities in the areas of youth development, healthy living, and social responsibility as well as services undertaken to support these activities.

The YMCA's governing board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the board.

In addition to financial assets available to meet general expenditures over the next 12 months, the YMCA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization's cash.

The following table reflects the YMCA's financial assets as of August 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date that is, without donor or other restrictions limiting their use.

	2023	2022
Cash and Cash Equivalents	$ 2,089,878	$ 2,635,052
Investments	4,429,908	3,828,793
Accounts Receivable, Net	125,112	202,121
Grants Receivable	261,694	1,185,649
Pledges Receivable, Current	270,385	170,183
Total	7,176,977	8,021,798
Less Amounts Not Available to be Used Within One Year:		
Donor-Restricted for Scholarships and Programs	(1,267,133)	(1,439,938)
Donor-Restricted for Capital Campaign	(16,261)	(273,814)
Donor-Restricted to be Maintained in Perpetuity and Endowment Earnings	(2,945,579)	(2,850,446)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 2,948,004	$ 3,457,600

NOTE 3 INVESTMENTS

A summary of investments was as follows at August 31:

	2023		
	Cost or Gift Value	Unrealized Gains (Losses)	Investments at Fair Value
Money Market Funds	$ 197,392	$ -	$ 197,392
Equity Mutual Funds	2,101,423	964,197	3,065,620
Fixed Income Mutual Funds	1,249,451	(82,555)	1,166,896
Total Investments	$ 3,548,266	$ 881,642	$ 4,429,908

	2022		
	Cost or Gift Value	Unrealized Gains (Losses)	Investments at Fair Value
Money Market Funds	$ 176,639	$ -	$ 176,639
Equity Mutual Funds	2,010,819	714,453	2,725,272
Fixed Income Mutual Funds	996,769	(69,887)	926,882
Total Investments	$ 3,184,227	$ 644,566	$ 3,828,793

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the YMCA uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.

Level 3 – Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at August 31, 2023 and 2022.

Equity Securities and Mutual Funds

Equity and fixed income mutual funds are valued at the daily closing price as reported by the mutual fund. Mutual funds held by the YMCA are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish daily net asset value and to transact at that price. The mutual funds held by the YMCA are deemed to be actively traded.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at August 31:

	2023			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 197,392	$ -	$ -	$ 197,392
Fixed Income Mutual Funds:				
Intermediate Term Bond Funds	1,166,896	-	-	1,166,896
Equity Mutual Funds:				
ETF Large Index Funds	2,509,607	-	-	2,509,607
ETF Mid-Cap Index Funds	80,733	-	-	80,733
ETF Small-Cap Index Funds	151,831	-	-	151,831
Foreign Equity Funds	294,518	-	-	294,518
Infrastructure Funds	28,931	-	-	28,931
Total Investments	$ 4,429,908	$ -	$ -	$ 4,429,908

	2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 176,639	$ -	$ -	$ 176,639
Fixed Income Mutual Funds:				
Intermediate Term Bond Funds	926,882	-	-	926,882
Equity Mutual Funds:				
ETF Large Index Funds	1,721,273	-	-	1,721,273
ETF Mid-Cap Index Funds	403,300	-	-	403,300
ETF Small-Cap Index Funds	214,328	-	-	214,328
Foreign Equity Funds	283,669	-	-	283,669
Infrastructure Funds	102,702	-	-	102,702
Total Investments	$ 3,828,793	$ -	$ -	$ 3,828,793

NOTE 5 PLEDGES RECEIVABLE

Unconditional promises to give consisted of the following at August 31:

	2023	2022
Less than One Year	$ 280,335	$ 180,133
One to Five Years	80,000	160,000
Over Five Years	-	20,000
Total	360,335	360,133
Less: Discount to Present Value	21,028	21,028
Less: Allowance for Uncollectible Promises to Give	9,950	9,950
Total Pledges Receivable, Net	$ 329,357	$ 329,155

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	2023	2022
Land and Land Improvements	$ 1,042,736	$ 791,951
Buildings and Improvements	16,462,161	15,213,642
Machinery and Equipment	3,137,115	3,546,008
Leasehold Improvements	1,140,018	1,140,018
Construction in Progress	120,999	83,861
Total - at Cost	21,903,029	20,775,480
Less: Accumulated Depreciation	(12,479,816)	(11,892,135)
Total Property and Equipment, Net	$ 9,423,213	$ 8,883,345

Total depreciation expense for the years ended August 31, 2023 and 2022, was $698,562 and $749,110, respectively.

NOTE 7 NOTES PAYABLE

On April 15, 2020, the YMCA received a loan from PNC Bank NA in the amount of $1,856,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is secured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The covered period from April 15, 2020 to September 29, 2020, was the time that the YMCA had to spend its PPP Loan funds.

NOTE 7 NOTES PAYABLE (CONTINUED)

On February 9, 2021, the YMCA received a loan from PNC Bank NA, in the amount of $1,689,832 to fund payroll, rent, utilities, and interest on mortgages and existing debt as a second draw PPP Loan. The second draw PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the YMCA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from February 9, 2021 to July 26, 2021, was the time that the YMCA had to spend its second draw PPP Loan funds.

The YMCA was following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. On March 24, 2022 and March 25, 2022, the SBA processed the YMCA's PPP Loan forgiveness applications for the first and second draw, respectively, and notified PNC Bank NA the PPP Loans qualified for full forgiveness. The SBA formally forgave $3,546,632 of the YMCA's obligations under these PPP Loans. Therefore, the YMCA was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in the statement of activities for the year ended August 31, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the YMCA's financial position.

NOTE 8 LEASES – ASC 840

Capital Leases

During 2022, the YMCA entered into two capital lease agreements with an imputed interest rate of 5.5% and 5.8%, respectively. Monthly payments of principal and interest are $4,975 and $7,314, respectively.

NOTE 8 LEASES – ASC 840 (CONTINUED)

Capital Leases (Continued)

The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The capitalized cost of the leased property at August 31, 2022, was $646,019. Assets are amortized over their estimated productive lives or the lease term, if shorter, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included with depreciation expense. Accumulated amortization was $141,702 as of August 31, 2022.

Sale Leasebacks

In February 2008, the YMCA sold 14.86 acres of land with a carrying value of $127,718 for $3,750,000. Total gain on the sale was $3,622,282. The YMCA maintained ownership of two buildings located on 2.9 acres of the land sold and entered into a 25-year lease with the purchaser for use of land. The gain on the sale in excess of the present value of the minimum lease payments in the amount of $1,589,687 was recognized at the time of the sale, and the remaining gain of $2,032,595 was deferred and will be amortized over the life of the lease. The YMCA will recognize $81,304 of the deferred gain on an annual basis until the lease expires in January 2033. The YMCA recognized $81,304 of the deferred gain in the years ended August 31, 2023 and 2022. At August 31, 2023 and 2022, the remaining deferred gain was $765,610 and $846,914, respectively. The current portion, in the amount of $81,304, is included in accrued liabilities as of August 31, 2023 and 2022, and the remainder is included in other liabilities in the accompanying statements of financial position.

The lease agreement requires the YMCA to make payments of $120,000 per year. Beginning January 2014, the lease payments will increase by the consumer price index every five years. The Organization paid $150,528 in lease payments for the year ended August 31, 2022. The YMCA recognized lease expense of $139,146 for the year ended August 31, 2022, and a decreased accrued rent expense of $11,383 for the year ended August 31, 2022. Accrued rent expense of $365,260 as of August 31, 2022 is included in other liabilities in the accompanying statements of financial position.

In May 2021, the YMCA sold 50.1 acres of land and all buildings and improvements thereon with a carrying value of $1,952,461 for $2,450,000. Total gain on the sale was $497,539. The YMCA continued operations at this location and entered into a 10-year lease with the purchaser for use of the real estate. The gain on the sale was less than the present value of the minimum lease payments and therefore $-0- was recognized at the time of the sale, and the entire gain of $497,539 was deferred and will be amortized over the life of the lease. The YMCA will recognize $49,754 of the deferred gain on an annual basis until the lease expires. As of December 31, 2022, the YMCA suspended operations at this location and the lease has been paused. The YMCA is in active discussions about operations restarting. The YMCA recognized $16,585 and $49,754 of the deferred gain in the years ended August 31, 2023 and 2022, respectively. At August 31, 2023 and 2022, the remaining deferred gain was $418,762 and $435,347, respectively. The current portion, in the amount of $49,754, is included in accrued liabilities as of August 31, 2023 and 2022, and the remainder is included in other liabilities in the accompanying statements of financial position.

NOTE 8 LEASES – ASC 840 (CONTINUED)

Sale Leasebacks (Continued)

The lease agreement requires the YMCA to make payments of $150,000 per year. The Organization received consideration of $1,500,000 in lease forgiveness as part of the sale. The YMCA recognized lease expense of $50,000 and $150,000 for the years ended August 31, 2023 and 2022, respectively, and decreased prepaid rent expense of $50,000 and $150,000 for the years ended August 31, 2023 and 2022, respectively. Prepaid rent expense of $1,254,167 and $1,304,167 as of August 31, 2023 and 2022, respectively, is included in prepaid expenses in the accompanying statements of financial position.

Operating Leases

The YMCA leases various facilities and equipment under leases accounted for as operating leases. Rent expense on the operating leases was $696,322 for the year August 31, 2022.

The following is a schedule of future minimum lease payments under all leases with an initial term in excess of one year at August 31, 2022:

Year Ending August 31,	Capital Leases	Sale Leaseback	Operating Leases
2023	$ 168,947	$ 150,528	$ 390,999
2024	147,467	162,570	350,751
2025	67,013	168,591	255,544
2026	59,699	168,591	252,612
2027	4,975	168,591	258,627
Thereafter	-	995,813	1,139,285
Total Future Minimum Lease Payments	448,101	$ 1,814,684	$ 2,647,818
Less: Amount Representing Interest	35,559		
Total Present Value of Future Minimum Lease Payments	$ 412,542		

Sublease

In July 2008, the YMCA sold one of the buildings, as part of the first sale leaseback noted above, located on the 2.9 acres of land leased for $1,125,000. The carrying value of the building was $2,262,796, and a loss on the sale of $1,137,796 was recorded. The building sold sits on 1.88 acres of the 2.9 acres leased by the YMCA. The YMCA entered into a 25-year sublease with the purchaser for use of this land. The lease requires the purchaser to make payments of $35,000 per year to the YMCA with the first payment due July 15, 2013. Beginning July 15, 2014, the lease payments will increase by the consumer price index annually. The YMCA received lease payments of $41,898 and $41,076 for the years ended August 31, 2023 and 2022, respectively. Lease revenue of $34,016 and an increase in other assets in the accompanying statements of financial position of the same amount was recognized for the years ended August 31, 2023 and 2022.

NOTE 8 LEASES – ASC 840 (CONTINUED)

Sublease (Continued)

Estimated future payments to be received relative to this agreement as of August 31, 2022, are as follows:

Year Ending August 31,	Amount
2023	$ 41,898
2024	42,736
2025	43,591
2026	44,462
2027	45,352
Thereafter	287,472
Total	$ 505,511

NOTE 9 OPERATING LEASES – ASC 842

The YMCA leases various facilities and equipment, under long-term, noncancelable lease agreements.

Quantitative information concerning the YMCA's leases for the year ended August 31, 2023:

Operating Lease Cost	$ 507,829
Operating Cash Flows from Operating Leases	$ 508,693
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	$ 3,309,662
Weighted Average Remaining Lease Term	8.4 Years
Weighted Average Discount Rate	3.27%

A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of August 31, 2023, is as follows:

Year Ending August 31,	
2024	$ 489,279
2025	394,072
2026	391,139
2027	397,155
2028	403,321
Thereafter	1,507,324
Undiscounted Cash Flows	3,582,290
Less: Imputed Interest	(451,814)
Total Present Value	$ 3,130,476

NOTE 10 FINANCING LEASES – ASC 842

As of August 31, 2023, the YMCA has two financing leases with interest imputed at a rate of 5.5% and 5.8%, respectively. Monthly payments of principal and interest are $4,975 and $7,314, respectively. The ROU assets and lease liabilities under these financing leases are recorded at the fair value of the assets, which approximates the present value of the future minimum lease payments.

Quantitative information concerning the YMCA's leases for the year ended August 31, 2023:

Financing Lease Cost:		
Amortization of Right-of-Use Assets	$	172,961
Interest on Lease Liabilities	$	18,081
Operating Cash Flows from Financing Leases	$	18,081
Financing Cash Flows from Financing Leases	$	129,386
Right-of-Use Assets Obtained in Exchange for Financing Lease Liabilities	$	-
Weighted Average Remaining Lease Term		2.3 Years
Weighted Average Discount Rate		5.63%

A maturity analysis of annual undiscounted cash flows for financing lease liabilities as of August 31, 2023, is as follows:

Year Ending August 31,		
2024	$	147,467
2025		67,013
2026		59,699
2027		4,975
Undiscounted Cash Flows		279,154
Less: Imputed Interest		(17,103)
Total Present Value	$	262,051

NOTE 11 LINE OF CREDIT

The YMCA has an unused line of credit of $500,000 as of August 31, 2023 bearing interest at the Daily SOFR (Secured Overnight Financing Rate) plus 200 basis points (7.31% as of August 31, 2023). The line of credit expires March 31, 2025.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Scholarships and Programs	$ 1,267,133	$ 1,439,938
Capital Campaign	16,261	273,814
Total	1,283,394	1,713,752
Subject to the Passage of Time:		
United Way Pledges	225,331	257,934
Endowments Subject to the YMCA's Spending Policy and/or Appropriation, Including Amounts Held in Perpetuity of $1,599,460 for 2023 and 2022, Which are Available to Support:		
Building Maintenance	230,270	221,280
Operations and Programs	2,552,153	2,472,965
International Programs	163,156	156,201
Total Endowments	2,945,579	2,850,446
Total Net Assets with Donor Restrictions	$ 4,454,304	$ 4,822,132

NOTE 13 ENDOWMENT FUNDS

The YMCA's endowment funds consist of donor-restricted funds established for the YMCA.

The YMCA has interpreted the State of Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of August 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the YMCA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

The primary long-term financial objective for the YMCA's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three, and five years.

NOTE 13 ENDOWMENT FUNDS (CONTINUED)

The endowment funds are managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the YMCA's existing spending policy. Over the short-term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets are governed by a spending policy that seeks to distribute specific payout rate of the endowment base to support the YMCA's programs. The endowment base will be defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). The distribution of payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift. During the years ended August 31, 2023 and 2022, the board of directors appropriated for expenditure an additional $-0- of endowment funds that were not tied to gifts to be maintained in perpetuity. These funds had been restricted for purposes tied to the ongoing activities of the YMCA.

The endowment is invested in cash and cash equivalents and equity and fixed income mutual funds. The total endowment will be monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 1,484,329		$ 1,484,329
Due from Undesignated Net Assets	-	-	-
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	1,599,460	1,599,460
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	1,346,119	1,346,119
Total Funds	$ 1,484,329	$ 2,945,579	$ 4,429,908

NOTE 13 ENDOWMENT FUNDS (CONTINUED)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 978,346	$ -	$ 978,346
Due from Undesignated Net Assets	701,635	-	701,635
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	1,599,460	1,599,460
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	1,250,986	1,250,986
Total Funds	$ 1,679,981	$ 2,850,446	$ 4,530,427

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 1,679,981	$ 2,850,446	$ 4,530,427
Investment Return, Net	231,072	95,133	326,205
Contributions	80,304	-	80,304
Appropriation of Endowment Assets for Expenditure	(507,028)	-	(507,028)
Endowment Net Assets - End of Year	$ 1,484,329	$ 2,945,579	$ 4,429,908

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 1,835,288	$ 3,302,938	$ 5,138,226
Investment Return, Net	(155,307)	(452,492)	(607,799)
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - End of Year	$ 1,679,981	$ 2,850,446	$ 4,530,427

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The YMCA has no underwater endowment funds at August 31, 2023 and 2022.

NOTE 14 REVENUE

The following table shows the YMCA's revenue disaggregated according to the timing of the transfer of goods or services for the years ended August 31:

	2023	2022
Revenue Recognized at a Point in Time:		
Services and Sales	$ 270,183	$ 274,953
Other Income	374,151	397,557
Revenue Recognized Over Time:		
Membership Fees	2,276,398	1,971,478
Program Fees	7,280,717	6,384,548
Total Revenue Recognized	$ 10,201,449	$ 9,028,536

Contract liabilities consisted of the following at August 31:

	2023	2022	2021
Membership	$ 54,908	$ 29,799	$ 23,655
Program	31,756	28,878	17,336
Total Contract Liabilities	$ 86,664	$ 58,677	$ 40,991

Deferred revenue represents payments received prior to the start of the requisite service being paid for. Note that all deferred revenue from 2022 was recognized in 2023, the subsequent fiscal year.

NOTE 15 RETIREMENT PLAN

The YMCA participates in a defined contribution, individual account, money purchase retirement plan covering all eligible employees. The Plan is administered by the Young Men's Christian Association Retirement Fund (a separate corporation). The YMCA makes monthly contributions to the Young Men's Christian Association Retirement Fund based on a percentage of the participating employee's salary. Plan expense totaled $417,584 and $373,886 for the years ended August 31, 2023 and 2022, respectively.

The Young Men's Christian Association Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation (1922). Participation is available to all duly organized or reorganized YMCAs in the United States of America. As a defined contribution plan, the retirement fund has no unfunded benefit obligations.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Financial Awards from Grantors

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the YMCA for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Letter of Credit

The YMCA utilizes one letter of credit to satisfy requirements of the Wisconsin Unemployment Reserve Fund in the amount of $212,269 for the YMCA, expiring December 31, 2025.

NOTE 17 CASH FLOW DISCLOSURES

The YMCA had the following noncash investing and financing transactions:

During the year ended August 31, 2023, the YMCA acquired property and equipment and construction in progress totaling $239,464, which is included in year-end accounts payable.

During the year ended August 31, 2022, the YMCA entered into two capital lease agreements to acquire equipment in the amount of $493,802.

NOTE 18 DONATED SERVICES AND ASSETS

The YMCA received $23,465 and $12,184 of auction items as contributions of nonfinancial assets for the years ended August 31, 2023 and 2022, respectively. Auction items are recognized as in-kind contribution revenue. The YMCA valued these auction items at current market rates for similar items.

NOTE 19 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During 2023, the YMCA complied with the conditions of Employee Retention Credit (ERC), funding from the Internal Revenue Service, in the amount of $275,792 in compliance with the program.

Grants related to this program are recorded as revenue on the statement of activities. The YMCA recognized $275,792 of Employee Retention Credit related to performance requirements being met and costs being incurred in compliance with the program during the year ended August 31, 2023.

NOTE 19 EMPLOYEE RETENTION CREDIT (CONTINUED)

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the YMCA's financial position.

NOTE 20 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2024, the date the financial statements were available to be issued.

Subsequent to year-end, the YMCA signed an agreement for construction on Rite Hite totaling approximately $535,000.