YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

For the year ended December 31, 2025

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association
of the Blue Water Area
Port Huron, Michigan

Opinion

We have audited the accompanying financial statements of the Young Men's Christian Association of the Blue Water Area (the "Association") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025 and the related statements of activities, functional expenses, and cash flows for the year 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 the Young Men's Christian Association of the Blue Water Area as of December 31, 2025 and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 misstatements, whether due to fraud or error.

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

To the Board of Directors
Young Men's Christian Association of the Blue Water Area

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

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

- Exercise professional judgement 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 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 financial statements.

- Conclude whether, in our judgement, 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.

To the Board of Directors
Young Men's Christian Association of the Blue Water Area

Report On Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the schedule of mileage data marked "unaudited," is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements; certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves; and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information Included in the Report

Management is responsible for the other information included in the report. The other information comprises mileage data, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Port Huron, Michigan
June 18, 2026

BASIC FINANCIAL STATEMENTS

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA
STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS	
Cash and cash equivalents	$ 380,388
Investments	2,439,346
Receivables (net of allowance)	210,935
Inventory	1,791
Prepaid expenses	40,727
Cash surrender value of life insurance	274,681
Beneficial interest in assets held by others	590,838
Financing lease right-to-use asset	32,748
Operating lease right-to-use asset	34,641
Land, building, and equipment, net	2,924,120
Total assets	$ 6,930,215
LIABILITIES	
Accounts payable	$ 55,163
Accrued salaries and fringes	90,705
Unearned revenue	100,387
Accrued interest	1,517
Notes payable	964,456
Financing lease payable	11,050
Operating lease payable	36,850
Accrued sick time	19,864
Total liabilities	1,279,992
NET ASSETS	
With donor restrictions	659,358
Without donor restrictions	4,990,865
Total net assets	5,650,223
Total liabilities and net assets	$ 6,930,215

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

STATEMENT OF ACTIVITIES

For the year ended December 31, 2025

NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES AND OTHER SUPPORT	
Contributions of cash and other financial resources	$ 541,605
Membership and guest fees	1,601,669
Childcare fees	1,708,292
Other program service fees	448,849
Grants and fees	989,998
Merchandise sales	10,286
Rental income	25,528
Other	38,896
Net assets released from restrictions - purpose restrictions	107,622
Total revenues and other support	5,472,745
EXPENSES	
Program services -	
Youth development	2,797,199
Healthy living	1,534,388
Social responsibility	21,649
Supporting services -	
Management and general	886,627
Fundraising	63,647
Total expenses	5,303,510
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	169,235
NON-OPERATING ACTIVITIES	
Investment income, net of expenses	129,082
Change in net assets without donor restrictions	298,317
Net assets without donor restrictions at beginning of year	4,692,548
Net assets without donor restrictions at end of year	4,990,865
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions of cash and other financial resources	50,000
Change in value of beneficial interest in assets held by others	62,589
Net assets released from restrictions	(107,622)
Total change in net assets with donor restrictions	4,967
Net assets with donor restrictions at beginning of year	654,391
Net assets with donor restrictions at end of year	659,358
TOTAL NET ASSETS AT END OF YEAR	$ 5,650,223

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025

	Program Services				Supporting Services			Total Program & Supporting Services
	Youth Development	Healthy Living	Social Responsibility	Total	Management & General	Fundraising	Total	
Salaries	$ 1,723,920	$ 776,647	$ -	$ 2,500,567	$ 316,975	$ 47,748	$ 364,723	$ 2,865,290
Payroll taxes and benefits	298,341	111,644	-	409,985	60,693	8,249	68,942	478,927
	2,022,261	888,291	-	2,910,552	377,668	55,997	433,665	3,344,217
Supplies	235,943	124,605	5,196	365,744	54,081	6,421	60,502	426,246
Postage	35	-	-	35	1,275	-	1,275	1,310
Professional fees	-	-	-	-	33,205	-	33,205	33,205
Contracted services	208,697	142,527	16,453	367,677	137,541	-	137,541	505,218
IT services	-	-	-	-	28,395	-	28,395	28,395
Utilities	99,734	184,786	-	284,520	4,483	-	4,483	289,003
Insurance	23,063	44,352	-	67,415	9,072	-	9,072	76,487
Lease expense	10,386	10,934	-	21,320	272	-	272	21,592
Equipment lease	-	-	-	-	8,699	-	8,699	8,699
Equipment maintenance	-	-	-	-	4,362	-	4,362	4,362
Building maintenance	-	1,259	-	1,259	-	-	-	1,259
Advertising	205	-	-	205	23,857	476	24,333	24,538
Travel/mileage reimbursement	15,636	170	-	15,806	2,802	753	3,555	19,361
Conferences and training	3,275	1,028	-	4,303	2,320	-	2,320	6,623
Interest and fees	10,948	25,484	-	36,432	76,250	-	76,250	112,682
National dues	-	-	-	-	95,010	-	95,010	95,010
Miscellaneous	200	1,158	-	1,358	1,867	-	1,867	3,225
Depreciation and amortization	143,687	98,716	-	242,403	18,857	-	18,857	261,260
Bad debt (allowance)	23,129	11,078	-	34,207	6,611	-	6,611	40,818
	774,938	646,097	21,649	1,442,684	508,959	7,650	516,609	1,959,293
Total expenses	$ 2,797,199	$ 1,534,388	$ 21,649	$ 4,353,236	$ 886,627	$ 63,647	$ 950,274	$ 5,303,510

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 303,284
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	194,744
Amortization of leases	66,516
Unrealized/realized gains	(41,204)
Increase in cash surrender value of life insurance	(36,333)
Increase of value on beneficial interest in assets held by others	(62,589)
Increase in allowance for credit losses	25,000
Reduction in carrying amount of operating leases liability	(52,851)
Changes in assets and liabilities -	
Accounts receivable	(400)
Prepaid expenses	(2,175)
Accounts payable	(8,670)
Accrued salaries and fringes	(26,828)
Accrued interest payable	(98)
Unearned revenue	(1,060)
Net cash provided by operating activities	357,336
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,956,233)
Proceeds from sales and maturities of investments	1,760,000
Acquisition of capital assets	(51,371)
Net cash used in investing activities	(247,604)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on financing lease	(22,760)
Principal payments on notes/loans	(96,519)
Net cash used in financing activities	(119,279)
Net decrease in cash and cash equivalents	(9,547)
Cash and cash equivalents at beginning of year	389,935
Cash and cash equivalents at end of year	$ 380,388
SUPPLEMENTARY INFORMATION FOR STATEMENT OF CASH FLOWS - interest paid	$ 37,040

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Association

The Young Men's Christian Association of the Blue Water Area's (the "Association") mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all. The Association is a powerful 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 (Youth Development), improving the Blue Water Area's health and well-being (Healthy Living), and providing opportunities to give back and support neighbors (Social Responsibility), the Association enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

The Blue Water YMCA Foundation was organized in 2014 as a nonprofit organization under 501(c)(3) to serve as a supporting organization to the Association. The Board of Directors of the YMCA Foundation must consist of no less than three trustees and, at all times, a majority of the trustees must be appointed by the governing Board of the Association. The YMCA Foundation's assets were transferred to the Association's endowment fund with the Community Foundation of St. Clair County in 2023. There was no activity with the YMCA Foundation in 2025; therefore, no financial statement reporting is required.

The Association operates the following major programs:

Youth Development - The Association is committed to nurturing the potential of every child and teen. The Association believes that all children deserve the opportunity to discover who they are and what they can achieve. That is why the Association helps young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. The Association's programs, such as Warm World Child Care, Out of School Programs for after school, summer and holiday camps, youth sports, and swim lessons, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The Association is a leading voice on health and well-being. The Association brings families closer together, encourages good health, and fosters connections through fitness, sports, fun, and shared interests. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with a work/life balance, and individuals search for personal fulfillment. Examples of healthy living programs include group exercise classes for all ages and abilities, diabetes prevention and other chronic disease prevention and/or management programs, sports and recreation, personal training, walking and running groups, and support for cancer patients.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Social Responsibility - The Association believes in giving back and supporting its neighbors. The Association has been listening and responding to its community's most critical social needs. The Association's programs, such as Healthy Kids Day, free activities that bring families together, free Safety Around Water classes for drowning prevention, Walk for Summer Reading, and Fun Fitness, are examples of how the Association delivers training, resources, and support that empower its neighbors to effect change, bridge gaps, and overcome obstacles. The Association engages its members, participants, and volunteers in activities that strengthen its community and pave the way for future generations to thrive.

As part of the Association's mission, their programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. The Association provides financial assistance to people who otherwise may not have been able to afford to participate.

Summary of Significant Accounting Policies

The Association's accounting policies are in accordance with accounting principles generally accepted in the United States of America. The following is a summary of policies which are considered significant to the Association.

Basis of Accounting - The financial statements of the Association are reported on the accrual basis of accounting.

Basis of Presentation - The financial statements presentation follows the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Association. These net assets may be used at the discretion of management.

Net Assets With Donor Restrictions - Net assets subject to donor-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 donors. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - Cash equivalents represent highly liquid investments with a maturity of three months or less from the date of purchase.

Investments - Investments include amounts invested with brokers in money market funds or certificates of deposit with maturity dates greater than three months.

Accounts Receivable and Allowance for Credit Losses - Accounts receivable from program service fees are stated at the amount the Association expects to collect from outstanding balances. The Association provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance for credit losses is based on its assessment of the current status of individual accounts, historical experience, and the existing economic conditions. Balances that are still outstanding after the Association has used reasonable collection efforts are written off. The allowance for credit losses was $50,000 at December 31, 2025.

Inventory - Inventory consists of supplies which are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

Prepaid Expenses - Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items.

Land, Building, and Equipment - Property and equipment are carried at cost at the date of purchase or fair value at date of donation. Property and equipment are defined by the Association as assets with an individual cost greater than $5,000 and an estimated life greater than one year. Major additions are charged to the property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the asset.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated useful lives of the assets are as follows:

Building and building improvements	5-40 years
Furniture, equipment, and vehicles	3-10 years
Leasehold improvements	4 years

Leases - The Association determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Association has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Association's lease terms include options to renew or terminate the lease when it is reasonably certain that they will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on a straight-line basis over the lease term.

The Association elected certain practical expedients that must be elected as a package, which permits the Association to not reassess, under the standard, prior conclusions about (1) lease identification, (2) lease classification, and (3) initial direct costs. Additionally, the Association elected a short-term lease exception policy, which allows entities to not apply the new standard to short-term leases (i.e., leases with terms of 12 months or less), and a hindsight policy, which allows entities to include current considerations for existing leases when determining initial lease terms.

Life Insurance Cash Surrender Value - The Association is the owner and beneficiary of two separate life insurance policies with an aggregate face value of $500,000. The annual premiums are paid with contributions received from the individuals insured by the policies or by the policies' equity. The cash surrender value of these policies was recorded as revenue and an asset when donated. Annual increases or decreases in the cash surrender value of the policies are recorded as revenue (or reduction of revenue) in the year incurred.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support

Contributions - The Association receives contributions to support operating activities and capital projects. These contributions can be from individuals, corporations, or trusts. The Association records contributions receivable, net of allowance for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts with a measurable performance or other barrier and right to return are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Multi-year pledges that are expected to be collected after one year are discounted using a risk adjusted discount rate.

Governmental/Nonprofit Grants - The Association receives grants and contract funding from governmental (Federal and State agencies) and nonprofit organizations to provide a variety of program services to the public based on specific requirements, including eligibility, procurement, reimbursement, and other requirements. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the grantor agencies and are, therefore, accounted for as conditional contributions. Receivables are recognized for any unreimbursed grant expenses and unearned revenues for any advances received before conditions have been met.

Revenue Recognition - The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions, including membership, program fees, licensed childcare fees, and government grants. Because the Association's performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in FASB 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract or no significant financing components. The following are the Association's major revenues streams:

Membership Dues - Most membership dues are typically paid on a monthly basis; however, some memberships are paid on a quarterly or annual basis. Once a year on April 1, a capital improvement fee is charged to each member. If someone joins later in the year, the capital improvement fee is prorated. Monthly memberships are recognized on the 1st of the month for that month, and all longer-term memberships are prorated using the straight-line method over the period of the membership. The capital improvement fee is recognized at the time of payment. Memberships can be cancelled by providing notices by the 25th of the month for the subsequent month.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Fees - The Association offers a variety of programs, including day camps, fitness programs, aquatics, health and wellness, etc., some of which are provided to members free of charge and other programs in addition to the membership dues. Many of the programs are available to the public without memberships. Most program fees are for programs of less than two months and are typically paid in advance at the time of registrations. Cancellation provisions vary by program, but most transactions are cancellable with 15-30 days' notice. Generally, all fees are recognized on the first day of the program.

Licensed Child Care Fees - Licensed Child Care services are available to both members and nonmembers. Childcare services, including preschool, are registered for the school years. Payments are made in advance, at a minimum, on a weekly basis. Revenues are recognized for each week on Monday of that week. Refunds are available for fees paid more than a week in advance under certain conditions.

Governmental Contract Revenues - The Association periodically contracts with local governmental units to provide various program services to the unit's employees and/or clients. Such contracts are recorded as performance obligations are satisfied, which is generally when the related expenditures are incurred over the period services are provided.

All membership dues, program fees, childcare fees, and governmental contract revenues paid to the Association in advance represent contract liabilities and are recorded as unearned revenue. Amounts billed but unpaid are contract assets and recorded as account receivables.

Income Taxes - The Association is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Blue Water YMCA Foundation is tax-exempt under Section 501(c)(3) and is a Type 1 supporting organization under Section 509(a)(3). Accordingly, no provision for income taxes is required.

National Support - The Association is a member of the National Council of Young Men's Christian Association and as a member is required to contribute 1.5% of adjusted total income to the National Council.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs that are directly identifiable with a program or support service are charged directly to the program or support service benefiting, including most salaries and benefits. Other costs have been allocated to the various programs and support services based on the estimated benefit received. The following are the allocation methods utilized:

Salaries and Benefits - most hourly employees are allocated based on time and effort reports prepared by the employee. Salaried individuals that only work in one department/program are charged directly; any other salaried individual that serves more than one program is allocated based on estimated time spent in each program.

Housekeeping and Building Facilities - include utilities, insurance, etc., and are allocated based on square footage.

Interest Costs - interest on equipment is recorded in the department/program where the equipment is utilized. Interest on the building is allocated based on square feet.

Advertising - The Association's policy is to expense advertising cost for the promotion of programs as the costs are incurred. Advertising expenses were $24,333 for 2025.

Unearned Revenue - Unearned revenue represents membership and program fees applicable to future periods, gift certificates, and unspent grants.

Accrued Sick Time and Paid Time Off - Employees accrue and are allowed to use earned sick time up to 72 hours annually under the Earned Sick Time Act (ESTA). ESTA hours roll over up to a maximum of 72 hours to the following year. Employees also accrue paid time off (PTO) each year up to the limits specified in the personnel policies. PTO is not allowed to be carried forward to the following year. ESTA and PTO are not paid out upon termination or resignation.

Estimates - In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The Association accounts for certain financial assets and liabilities at fair value.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 18, 2026, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

Cash and cash equivalents	$ 380,388
Investments	2,439,346
Accounts receivable, net of allowance	210,935
	3,030,669
Donor-restricted contributions included in cash and investments	(68,520)
	$ 2,962,149

NOTE 3 - CASH AND INVESTMENTS

Cash - Concentration of Credit Risk

As of December 31, 2025, the Association had deposits with financial institutions with a bank balance of $440,715, all of which was covered by depository insurance.

Investments

At December 31, 2025, the Association's investments consisted of the following:

Broker accounts	$ 144,994	(1)
Money market (Treasury fund)	1,108,454	(2)
Broker certificates of deposit	1,185,898	(1)
	$ 2,439,346	

(1) Full balance is FDIC insured
(2) Invests in primarily U.S. governmental securities

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	December 31, 2025	2024	2023
Memberships	$ 130,523	$ 80,013	$ 100,540
Less - allowance for credit losses	(50,000)	(25,000)	(25,000)
	80,523	55,013	75,540
Pledges	3,263	4,205	55,644
Grants	83,875	113,393	92,890
Interest	3,569	16,839	11,949
Other	39,705	46,085	18,261
	$ 210,935	$ 235,535	$ 254,284

NOTE 5 - ENDOWMENTS

The Association has received donor-restricted (in perpetuity) donations for the purpose of supplementing general operations with the income generated. In connection, the Association transferred their endowment fund to The Community Foundation of St. Clair County (the "Community Foundation") in 2015 to establish an agency endowment fund plus accumulated investment earnings. Under the terms of the agreement with the Community Foundation, the Board of Directors of the Association may recommend or request distribution from the fund in amounts limited by the spending policies of the Community Foundation. The Community Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Association granted variance power to the Community Foundation. The Community Foundation expects to follow the recommendation but reserves the right to accept or reject the Association's recommendations. Variance power also gives the Community Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Association ceases to exist and the Board of the Community Foundation determines that support of the Association is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

The changes in endowment net assets (beneficial interest in assets held by others) were as follows:

Balance at January 1, 2025	$ 528,249
Net appreciation of investments	54,550
Investment income	16,937
Investment fees	(8,898)
Balance at December 31, 2025	$ 590,838

The original value of the permanently restricted contribution was $299,751.

NOTE 6 - LAND, BUILDING, AND EQUIPMENT

The following is a summary of capital assets for the year ended December 31, 2025:

Land	$ 400,000
Building and building improvements	3,435,507
Leasehold improvements	179,552
Furniture and equipment	402,725
Vehicles	69,263
	4,487,047
Less - accumulated depreciation	(1,562,927)
Total land, building, and equipment, net	$ 2,924,120

Depreciation expense for 2025 totaled $194,744.

NOTE 7 - LEASES

The Association has financing leases for workout equipment dated April 14, 2023 for $1,970 per month for 36 months with two options, a purchase option of $8,356 or a year-to-year option for $1,970 per month. The lease has been recorded as a financing lease, since the Association anticipates that it will purchase the equipment at the end of the lease and the lease term is for a major part of its economic life.

The Association has an operating lease for a building that commenced in August 2022 for four (4) years with one five- (5) year option. Rent payments did not begin until September 2023 because the building improvement and licensing was not complete. It is not reasonably certain if the Association will exercise the lease option; therefore, the option period has not been considered part of the lease term.

The components of lease costs at December 31, 2025 are as follows:

Operating lease expenses	$ 51,961
Financing lease expenses -	
Amortization of ROU asset	14,555
Interest on lease liabilities	883

The weighted average remaining lease terms of financing lease as of December 31, 2025 was 2 months. The weighted average remaining lease terms of operating lease as of December 31, 2025 was 8 months.

The weighted average discount rate for the financing lease as of December 31, 2025 was 5.4%.

NOTE 7 - LEASES (Continued)

Minimum future lease payments under non-cancellable finance and operating leases described above are as follows:

Year Ending December 31,	Financing Lease	Operating Lease
2026	$ 11,076	$ 37,600
Less - present value adjustment	(26)	(750)
Total lease liability	$ 11,050	$ 36,850

NOTE 8 - NOTES PAYABLE

In November 2015, the Association received a $500,000 non-interest-bearing loan from the James C. Acheson Foundation, which is secured by the building. The loan is to be repaid in monthly installments of $2,762, commencing May 1, 2017 through June 1, 2033. The James C. Acheson Foundation had allowed for the suspension of payments from November 2020 through December 2021. The balance due of $251,380 includes $42,938 of imputed interest at an effective interest rate of 5.00%.	$ 208,442
On October 14, 2022, the Association received a loan through the U.S. Small Business Administration (SBA) in the amount of $875,000 to pay off the previous 2019 Energy-efficient Equipment Loan and is secured by the building owned by the Association and all tangible and intangible personal property. The SBA loan payments are due in monthly payments of $3,927, including interest of 2.75% beginning March 22, 2025 through February 22, 2047. The Association began making payments in June 2023, payments were first applied to accrued interest.	756,014
	$ 964,456

NOTE 8 - NOTES PAYABLE (Continued)

The principal maturities of the notes, excluding the note that is due on demand, are as follows:

	November 2015 Note	2023 SBA EIDL Loan
2026	$ 23,331	$ 27,162
2027	24,521	27,426
2028	25,779	28,190
2029	27,098	28,975
2030	28,484	29,782
2031-2035	79,229	161,824
2036-2040	-	185,648
2041-2045	-	212,980
2046-2047	-	54,027
	$ 208,442	$ 756,014

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOANS

The Association previously received Paycheck Protection Program (PPP) loan proceeds of $418,000 in 2020 and 2021 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Association applied for full forgiveness of the total proceeds received and, during 2021 and 2022, the Small Business Administration (SBA) approved the forgiveness applications to satisfy the outstanding loan obligations including all accrued interest. According to the rules of the SBA, the Association is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, access to such files upon request. Should the SBA conduct such a review and reject all or some of the Association's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Association may be required to adjust previously reported amounts and disclosures in the financial statements.

In addition, the Association previously received Employee Retention Credits (ERC) of $480,208 under the CARES Act. Under the CARES Act, two critical tests for eligibility exist, a partial or total government ordered shutdown or a decline in gross receipts. The Association believes that it met these eligibility criteria for all four quarters of 2020 and the first three quarters of 2021. The Association filed an amended Form 941-X to receive refund payments. The IRS can challenge previously paid employee retention credit refunds. The IRS generally has three years to audit most ERC claims, but it has five years to audit payroll returns with ERC credits filed for the last two quarters of 2021. They can also file a civil action to recover the credits within two years of the refund being paid. There is no deadline to audit returns when fraud is involved.

NOTE 10 - RELATED PARTY TRANSACTIONS

During 2025, the Association received $12,545 of contributions from Board Members and their families, as well as companies they own, the President/CEO, and other related parties. During 2025, the Association also incurred $46,013 of expenses related to Information Technology services paid to a company owned by a Board Member.

NOTE 11 - FAIR VALUE MEASUREMENTS

In accordance with ASC 820, the Association uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

NOTE 11 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Association's fair value hierarchy for the assets measured at fair value as of December 31, 2025:

	Total	Level 1	Level 2	Level 3
Investments -				
Money market fund	$ 1,108,454	$ 1,108,454	$ -	$ -
Broker CD's	1,185,898	-	1,185,898	-
Beneficial interest in assets held by others	590,838	-	590,838	-
Variable life insurance policy	274,681	-	274,681	-
	$ 3,159,871	$ 1,108,454	$ 2,051,417	$ -

The Association's Money Market Fund normally consists of U.S. Treasury securities and seeks to preserve the value of the investment at $1.00 per share, which approximates market value. The brokered artifacts certificates of deposit valuation utilizes a market value pricing model.

The beneficial interest in assets held by others and the variable life insurance policy are based on information provided by the company holding the investments.

NOTE 12 - EMPLOYEE PENSION PLANS

The Association provides retirement benefits for all eligible employees through pension plans administered by the National Association. In order to be eligible, an employee must have completed two years of service in which at least 1,000 hours have been worked and must be 21 or older. In order to receive the employer contribution, the employee must contribute. Employees that contribute 3% receive a 5% contribution of the employee's gross salary by the Association. Both employer and employee contributions are fully vested immediately.

For the year ended December 31, 2025, employer contributions totaled $56,499.

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2025 consisted of the following:

Subject to expenditures for specific purposes:	
Mount Sinai Society - youth programs	$ 39,824
Contributions -	
Vehicle purchase	10,509
Swim program	18,187
Subject to Foundation spending policy and approvals	291,087
Not subject to appropriations or expenditures -	
Beneficial interest in assets held by others	299,751
	$ 659,358

SUPPLEMENTARY INFORMATION

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

TRANSPORTATION OPERATING EXPENSES

For the year ended December 31, 2025

	Operations	Maintenance	General Admin.	Total System
Labor - operators' salaries and wages	$ 8,566	$ -	$ 575	$ 9,141
Fringe benefits	782	-	73	855
Materials and supplies -				
Fuel and lubricants	735	1,426	-	2,161
Casualty and liability costs -				
Premiums for public liability	4,912	-	-	4,912
Total operating expenses	$ 14,995	$ 1,426	$ 648	$ 17,069

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

MILEAGE DATA (UNAUDITED)

For the year ended December 31, 2025

	Total Mileage
DEMAND-RESPONSE	
1st quarter	73
2nd quarter	52
3rd quarter	131
4th quarter	400
TOTAL DEMAND-RESPONSE MILEAGE	656