

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF CENTRAL KENTUCKY, INC**

**FINANCIAL STATEMENTS**

For the years ended December 31, 2009 and 2008

**YMCA OF CENTRAL KENTUCKY, INC.**

**FINANCIAL STATEMENTS**

For the years ended December 31, 2009 and 2008

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Mountjoy  
Chilton  
Medley

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Young Men's Christian Association of  
Central Kentucky, Inc.

We have audited the accompanying statements of financial position of the Young Men's Christian Association of Central Kentucky, Inc. (a not-for-profit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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 Central Kentucky, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Mountjoy Chilton Medley LLP*

Lexington, Kentucky  
April 28, 2010

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**YMCA OF CENTRAL KENTUCKY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2009 and 2008

**ASSETS**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 538,175	\$ 345,121
Restricted cash and cash equivalents	182,226	181,836
Accounts receivable	43,535	117,387
Unconditional promises to give, net	429,786	1,876,116
Prepaid expenses	82,224	97,430
Investments	4,067,700	3,780,303
Perpetual trusts held by third parties	2,388,027	2,154,080
Land, buildings, and equipment, net	19,132,272	19,556,120
Other assets	-	3,000
Debt issuance costs, net	<u>88,444</u>	<u>97,756</u>
	<u>\$ 26,952,389</u>	<u>\$ 28,209,149</u>

**LIABILITIES**

Accounts payable	\$ 247,979	\$ 247,839
Accrued liabilities	328,685	293,440
Deferred income	311,009	317,781
Notes payable	1,186,749	1,319,874
Bond obligation	6,000,000	6,600,000
Capital lease obligation	<u>4,021</u>	<u>5,774</u>
	<u>8,078,443</u>	<u>8,784,708</u>

**COMMITMENTS AND CONTINGENCIES**

- -

**NET ASSETS**

Unrestricted:		
Operating	13,690,855	13,372,093
Board designated	2,419,552	2,139,713
Temporarily restricted	375,512	1,758,555
Permanently restricted	<u>2,388,027</u>	<u>2,154,080</u>
	<u>18,873,946</u>	<u>19,424,441</u>
Total net assets	<u>18,873,946</u>	<u>19,424,441</u>
Total liabilities and net assets	<u>\$ 26,952,389</u>	<u>\$ 28,209,149</u>

See accompanying independent auditor's report  
and notes to financial statements

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2009

	2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains, losses, and other support:</b>				
Membership dues	\$ 5,393,938	\$ -	\$ -	\$ 5,393,938
Activity and daily fees	3,108,699	-	-	3,108,699
Contributions	792,501	70,961	-	863,462
Interest and dividends	134,425	155	-	134,580
United Way	174,588	-	-	174,588
Governmental and foundation grants	315,816	-	-	315,816
Rental of facilities	22,758	-	-	22,758
Resident room rentals	74,103	-	-	74,103
Other	132,725	-	-	132,725
Realized gains (losses), net	(65,094)	-	(117,710)	(182,804)
Unrealized gains (losses), net	294,497	1,811	374,666	670,974
Losses on unconditional promises to give	-	(1,421,345)	-	(1,421,345)
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>57,634</u>	<u>(34,625)</u>	<u>(23,009)</u>	<u>-</u>
 Total revenues, gains, losses, and other support	 10,436,590	 (1,383,043)	 233,947	 9,287,494
<b>Expenses:</b>				
Program and membership services:				
Membership services	3,905,502	-	-	3,905,502
Prime time	1,252,023	-	-	1,252,023
Youth camps	353,034	-	-	353,034
Health & fitness programs	489,558	-	-	489,558
Preschool day care	366,720	-	-	366,720
Youth/teen programs	514,748	-	-	514,748
Aquatics	615,956	-	-	615,956
Community services	242,015	-	-	242,015
Arts and humanities	<u>111,283</u>	<u>-</u>	<u>-</u>	<u>111,283</u>
 Total program services	 7,850,839	 -	 -	 7,850,839
Supporting Services:				
Maintenance and housekeeping	452,510	-	-	452,510
Management and general	1,407,162	-	-	1,407,162
Fundraising	<u>127,478</u>	<u>-</u>	<u>-</u>	<u>127,478</u>
 Total supporting services	 <u>1,987,150</u>	 <u>-</u>	 <u>-</u>	 <u>1,987,150</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2009

	<u>2009</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total expenses	\$ <u>9,837,989</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,837,989</u>
Change in net assets	598,601	(1,383,043)	233,947	(550,495)
Net assets at beginning of year	<u>15,511,806</u>	<u>1,758,555</u>	<u>2,154,080</u>	<u>19,424,441</u>
Net assets at end of year	\$ <u>16,110,407</u>	\$ <u>375,512</u>	\$ <u>2,388,027</u>	\$ <u>18,873,946</u>

See accompanying independent auditor's report  
and notes to financial statements.

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2008

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, gains, losses, and other support:</b>				
Membership dues	\$ 5,443,331	\$ -	\$ -	\$ 5,443,331
Activity and daily fees	3,326,038	-	-	3,326,038
Contributions	947,196	20,000	-	967,196
Interest and dividends	220,370	1,492	-	221,862
United Way	218,900	-	-	218,900
Governmental and foundation grants	278,452	-	-	278,452
Rental of facilities	17,686	-	-	17,686
Resident room rentals	72,225	-	-	72,225
Other	144,001	-	-	144,001
Realized gains (losses), net	(31,583)	-	(98,053)	(129,636)
Unrealized gains (losses), net	(285,354)	(6,791)	(556,838)	(848,983)
Net assets released from restrictions:				
Satisfaction of program restrictions	60,214	(29,717)	(30,497)	-
 Total revenues, gains, losses, and other support	 10,411,476	 (15,016)	 (685,388)	 9,711,072
<b>Expenses:</b>				
Program and membership services:				
Membership services	4,095,910	-	-	4,095,910
Prime time	1,363,359	-	-	1,363,359
Youth camps	365,506	-	-	365,506
Health & fitness programs	494,315	-	-	494,315
Preschool day care	359,652	-	-	359,652
Youth/teen programs	580,260	-	-	580,260
Aquatics	647,106	-	-	647,106
Community services	195,089	-	-	195,089
Arts and humanities	132,203	-	-	132,203
 Total program services	 8,233,400	 -	 -	 8,233,400
 Supporting Services:				
Maintenance and housekeeping	450,073	-	-	450,073
Management and general	1,396,775	-	-	1,396,775
Fundraising	195,349	-	-	195,349
 Total supporting services	 2,042,197	 -	 -	 2,042,197

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2008

	<u>2008</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total expenses	\$ <u>10,275,597</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,275,597</u>
Change in net assets	135,879	(15,016)	(685,388)	(564,525)
Net assets at beginning of year	<u>15,375,927</u>	<u>1,773,571</u>	<u>2,839,468</u>	<u>19,988,966</u>
Net assets at end of year	\$ <u>15,511,806</u>	\$ <u>1,758,555</u>	\$ <u>2,154,080</u>	\$ <u>19,424,441</u>

See accompanying independent auditor's report  
and notes to financial statements.

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2009

	2009								
	Membership Services	Prime Time	Youth Camps	Health & Fitness Programs	Pre-School Day Care	Youth/Teen Programs	Aquatics	Community Services	Arts and Humanities
Salaries and wages	\$ 1,621,289	\$ 850,841	\$ 185,521	\$ 216,184	\$ 240,001	\$ 248,690	\$ 368,188	\$ 93,379	\$ 53,256
Employee benefits	121,792	85,554	13,023	17,477	29,008	32,372	24,885	15,347	11,797
Payroll taxes, etc.	<u>144,218</u>	<u>73,649</u>	<u>16,401</u>	<u>19,368</u>	<u>20,809</u>	<u>21,830</u>	<u>33,157</u>	<u>7,922</u>	<u>4,309</u>
Total salaries & related expenses	<u>1,887,299</u>	<u>1,010,044</u>	<u>214,945</u>	<u>253,029</u>	<u>289,818</u>	<u>302,892</u>	<u>426,230</u>	<u>116,648</u>	<u>69,362</u>
Building and occupancy	904,953	29,094	47,645	68,406	224	64,231	68,036	16,563	7,854
Contracted/temporary labor	-	724	5,514	80,799	-	14,847	3,632	1,000	24,782
Marketing & promotion	50,458	20,451	4,120	891	-	6,706	3,663	4,968	346
Program bus/van rental	-	17,453	15,936	165	-	9,459	166	4,305	-
Travel and transportation	9,084	5,018	1,495	7,277	602	2,609	5,327	2,198	106
Program supplies	50,079	67,367	24,314	12,041	59,108	59,674	27,448	28,807	957
Insurance	28,311	2,996	1,711	2,357	-	2,348	3,110	10,463	312
Bank and processing fees	75,837	17,722	2,193	5,495	-	3,940	4,129	224	673
National support	63,223	18,487	4,058	4,520	3,541	5,660	3,959	1,714	987
Professional fees	14,298	-	-	-	-	-	-	-	-
Technology expense	56,285	16,197	3,433	4,708	2,891	4,406	3,685	1,411	593
Miscellaneous expenses	1,118	167	44	61	-	73	43	-	8
Equipment expenses	186,758	2,323	1,090	2,043	1,229	3,013	15,123	1,239	76
Telephone & communications	14,903	10,224	2,492	1,196	387	1,733	1,255	3,675	162
Maintenance & housekeeping supplies	1,641	416	1,473	76	1,404	219	10,787	-	13
Office supplies and expense	8,576	7,926	884	186	1,658	989	1,861	1,503	58
Conference, convention and meetings	7,573	9,238	854	1,736	1,010	952	1,785	5,363	66
Employee expenses	12,772	9,681	1,493	1,325	1,295	2,191	4,702	517	105
Postage & mailing	23,924	3,034	388	531	50	1,093	609	1,170	69
Scholarships & awards	-	-	-	-	-	-	-	32,625	-
Depreciation	443,092	1,915	17,803	35,976	3,256	24,726	24,498	5,812	3,923
Amortization	-	-	-	-	-	-	-	-	-
(Gain) loss on disposition of assets	(6,099)	-	-	-	-	-	-	1,659	-
Trust and investment expenses	-	-	-	-	-	-	-	-	-
Interest	69,765	-	867	6,600	-	2,530	4,847	-	802
Organizational dues & subscriptions	<u>1,652</u>	<u>1,546</u>	<u>282</u>	<u>140</u>	<u>247</u>	<u>457</u>	<u>1,061</u>	<u>151</u>	<u>29</u>
Totals	<u>\$ 3,905,502</u>	<u>\$ 1,252,023</u>	<u>\$ 353,034</u>	<u>\$ 489,558</u>	<u>\$ 366,720</u>	<u>\$ 514,748</u>	<u>\$ 615,956</u>	<u>\$ 242,015</u>	<u>\$ 111,283</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

For the year ended December 31, 2009

	2009			
	Maint./ House- keeping	Manage- ment & General	Fund Raising	Total
Salaries and wages	\$ 214,004	\$ 788,998	\$ 68,727	\$ 4,949,078
Employee benefits	40,529	136,613	14,379	542,776
Payroll taxes, etc.	18,347	64,953	5,482	430,445
Total salaries & related expenses	<u>272,880</u>	<u>990,564</u>	<u>88,588</u>	<u>5,922,299</u>
Building and occupancy	-	6,199	-	1,213,205
Contracted/temporary labor	154	-	-	131,452
Marketing & promotion	-	144,773	20,121	256,497
Program bus/van rental	-	-	-	47,484
Travel and transportation	2,733	26,909	1,560	64,918
Program supplies	-	912	3,185	333,892
Insurance	32,043	3,684	-	87,335
Bank and processing fees	-	9,918	-	120,131
National support	-	80	-	106,229
Professional fees	-	53,493	-	67,791
Technology expense	-	1,933	3,791	99,333
Miscellaneous expenses	-	4,035	-	5,549
Equipment expenses	13,443	17,229	-	243,566
Telephone & communications	360	16,482	21	52,890
Maintenance & housekeeping supplies	128,791	13	-	144,833
Office supplies	-	3,915	443	27,999
Conference, convention and meetings	540	23,728	4,859	57,704
Employee expenses	1,431	30,125	8	65,645
Postage & mailing	-	6,462	4,487	41,817
Scholarships & awards	-	-	-	32,625
Depreciation	-	6,701	-	567,702
Amortization	-	9,312	-	9,312
(Gain) loss on disposition of assets	-	2,557	-	(1,883)
Trust and investment expenses	-	41,829	-	41,829
Interest	-	-	-	85,411
Organizational dues & subscriptions	<u>135</u>	<u>6,309</u>	<u>415</u>	<u>12,424</u>
Totals	<u>\$ 452,510</u>	<u>\$ 1,407,162</u>	<u>\$ 127,478</u>	<u>\$ 9,837,989</u>

See accompanying independent auditor's report and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2008

	2008								
	Membership Services	Prime Time	Youth Camps	Health & Fitness Programs	Pre-School Day Care	Youth/Teen Programs	Aquatics	Community Services	Arts and Humanities
Salaries and wages	\$ 1,574,732	\$ 916,833	\$ 181,931	\$ 213,704	\$ 236,945	\$ 270,835	\$ 373,841	\$ 74,274	\$ 57,827
Employee benefits	106,698	72,400	11,179	16,080	25,435	35,967	19,477	3,833	11,886
Payroll taxes, etc.	140,759	80,771	16,200	19,061	20,639	23,926	33,328	6,616	4,683
Total salaries & related expenses	<u>1,822,189</u>	<u>1,070,004</u>	<u>209,310</u>	<u>248,845</u>	<u>283,019</u>	<u>330,728</u>	<u>426,646</u>	<u>84,723</u>	<u>74,396</u>
Building and occupancy	906,900	20,108	46,465	64,320	36	68,860	81,341	20,372	10,935
Contracted/temporary labor	343	116	7,997	81,021	-	21,802	15,959	1,150	29,689
Marketing & promotion	71,706	25,493	5,171	1,007	40	8,409	4,633	4,813	754
Program bus/van rental	-	31,976	28,582	-	-	10,240	-	5,937	-
Travel and transportation	6,451	3,242	631	8,623	307	3,289	4,127	2,430	576
Program supplies	84,993	80,423	25,553	8,973	57,790	62,585	32,234	31,613	2,502
Insurance	30,781	15,247	2,153	2,403	-	2,824	3,025	3,364	482
National support	62,608	19,783	4,255	4,693	3,233	8,313	3,578	-	912
Professional fees	14,798	300	-	-	-	-	-	-	-
Technology expense	50,714	15,668	3,094	4,219	2,688	4,353	3,161	1,540	755
Miscellaneous expenses	71,273	25,016	2,161	4,762	37	4,276	3,680	1,792	856
Equipment expenses	178,625	3,798	497	2,751	468	3,145	7,181	216	275
Telephone & communications	15,524	12,326	1,646	1,077	399	1,953	1,353	3,377	241
Maintenance & housekeeping supplies	-	440	682	-	1,685	47	10,410	61	3
Office supplies and expense	12,472	9,673	1,092	422	2,072	1,533	1,093	1,576	131
Conference, convention and meetings	9,570	10,117	557	1,767	983	1,589	3,192	2,874	103
Employee expenses	21,095	14,201	2,064	2,466	3,300	3,046	7,339	380	345
Postage & mailing	32,152	3,847	583	457	77	1,534	702	1,986	126
Scholarships & awards	-	-	-	-	-	-	-	19,635	-
Depreciation	503,661	110	21,643	37,087	3,511	33,866	23,873	7,060	6,184
Amortization	-	-	-	-	-	-	-	-	-
Loss on disposition of assets	-	-	-	-	-	-	-	-	-
Trust and investment expenses	-	-	-	-	-	-	-	-	-
Interest	197,490	-	1,027	18,426	7	7,392	12,384	29	2,885
Organizational dues & subscriptions	<u>2,565</u>	<u>1,471</u>	<u>343</u>	<u>996</u>	<u>-</u>	<u>476</u>	<u>1,195</u>	<u>161</u>	<u>53</u>
Totals	\$ <u>4,095,910</u>	\$ <u>1,363,359</u>	\$ <u>365,506</u>	\$ <u>494,315</u>	\$ <u>359,652</u>	\$ <u>580,260</u>	\$ <u>647,106</u>	\$ <u>195,089</u>	\$ <u>132,203</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

For the year ended December 31, 2008

	2008			
	Maint./ House- keeping	Manage- ment & General	Fund Raising	Total
Salaries and wages	\$ 214,021	\$ 782,022	\$ 122,580	\$ 5,019,545
Employee benefits	39,958	127,968	14,672	485,553
Payroll taxes, etc.	<u>27,612</u>	<u>66,789</u>	<u>10,748</u>	<u>451,132</u>
Total salaries & related expenses	<u>281,591</u>	<u>976,779</u>	<u>148,000</u>	<u>5,956,230</u>
Building and occupancy	-	5,232	-	1,224,569
Contracted/temporary labor	-	5,974	-	164,051
Marketing & promotion	-	142,453	10,635	275,114
Program bus/van rental	-	72	-	76,807
Travel and transportation	1,978	17,261	4,743	53,658
Program supplies	-	6,085	6,470	399,221
Insurance	32,485	5,022	-	97,786
National support	-	186	125	107,686
Professional fees	2,460	23,717	-	41,275
Technology expense	-	2,091	9,078	97,361
Miscellaneous expenses	-	11,893	-	125,746
Equipment expenses	11,081	17,199	540	225,776
Telephone & communications	380	31,822	38	70,136
Maintenance & housekeeping supplies	118,453	102	-	131,883
Office supplies	1	8,395	934	39,394
Conference, convention and meetings	260	21,181	9,670	61,863
Employee expenses	1,326	35,121	211	90,894
Postage & mailing	58	7,193	3,704	52,419
Scholarships & awards	-	-	-	19,635
Depreciation	-	10,130	-	647,125
Amortization	-	9,312	-	9,312
Loss on disposition of assets	-	1,126	-	1,126
Trust and investment expenses	-	51,853	-	51,853
Interest	-	463	-	240,103
Organizational dues & subscriptions	<u>-</u>	<u>6,113</u>	<u>1,201</u>	<u>14,574</u>
Totals	<u>\$ 450,073</u>	<u>\$ 1,396,775</u>	<u>\$ 195,349</u>	<u>\$ 10,275,597</u>

See accompanying independent auditor's report and notes to financial statements.

**YMCA OF CENTRAL KENTUCKY, INC.****STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (550,495)	\$ (564,525)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	567,702	647,125
Amortization	9,312	9,312
Trust expenses	41,829	51,853
Unrealized and realized (gain) loss on investments	(488,394)	978,619
Forgiveness of debt	(100,000)	(100,000)
Donation of property	-	(4,000)
Loss on disposal	(1,883)	1,126
Provision for doubtful accounts	2,010,179	(359,940)
Change in accounts receivable	73,852	2,405
Change in unconditional promises to give	(563,849)	452,949
Change in restricted cash	(390)	(1,643)
Change in prepaid expenses	15,206	30,652
Other assets	3,000	-
Change in accounts payable	140	68,155
Change in accrued liabilities	35,244	53,543
Change in deferred income	<u>(6,772)</u>	<u>(40,104)</u>
Net cash provided by operating activities	<u>1,044,681</u>	<u>1,225,527</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales or maturities of investments	2,961,247	5,660,606
Acquisition of investments	(3,036,026)	(5,995,379)
Acquisition of fixed assets	(146,070)	(270,821)
Proceeds from sale of fixed assets	<u>4,100</u>	<u>-</u>
Net cash used in investing activities	<u>(216,749)</u>	<u>(605,594)</u>
<b>Cash flows from financing activities:</b>		
Reduction of notes payable	(33,125)	(30,816)
Payments on bond obligation	(600,000)	(600,000)
Payments on capital lease obligation	<u>(1,753)</u>	<u>(1,687)</u>
Net cash used in financing activities	<u>(634,878)</u>	<u>(632,503)</u>
Change in cash and cash equivalents	193,054	(12,570)
Cash and cash equivalents, beginning of year	<u>345,121</u>	<u>357,691</u>
Cash and cash equivalents, end of year	\$ <u>538,175</u>	\$ <u>345,121</u>
<b>Supplemental Data:</b>		
Cash paid for interest during the year	\$ <u>89,159</u>	\$ <u>197,198</u>
<b>Supplemental Schedule of Noncash Transactions:</b>		

In 2008, the Association acquired \$7,461 in equipment under a capital lease agreement.

See accompanying independent auditor's report  
and notes to financial statements.

## YMCA OF CENTRAL KENTUCKY, INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2009 and 2008

#### NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities:** The Young Men's Christian Association of Central Kentucky, Inc. (Association) is a not-for-profit organization whose goals are to put Christian principles into action through programs and membership services that build a healthy spirit, mind, and body for all people in the community. Financial assistance is available for those in need for both membership and programs. Programs which assist in meeting the Association's goals include:

**Membership Services.** The Association is primarily a membership organization offering memberships to youths, teens, adults, households and seniors within its community. Memberships offer the opportunity to pursue health and well being either individually, or as a part of an organized group in areas of cardiovascular, muscle strengthening, aquatics, and socialization with others. Many activities are included with membership and many other fee-based programs are offered at a discount to members.

**Prime Time.** This program offers before/after school child care at a number of public and private school sites within the community. This program fosters growth and development of children with their parents and family. Instruction and activities within this program help kids develop moral and ethical behavior, self-esteem, and leadership, while providing a safe and supportive environment for working parents.

**Youth-Camps.** Various programs are offered to participants including all-day camps for youth during the school year, all-day summer camps, sports camps, art camps, horseback camps, gymnastics camps, and adventure/discovery camps. The Association also offers summer day camp activities in natural surroundings at its Bar-Y camp.

**Health & Fitness Programs.** These fee-based programs allow members and program participants to expand physical fitness through a variety of interests and include personal fitness programs, weight management programs, group participation in Pilates, martial arts, Yoga, cycling, aerobics, along with various other programs.

**Preschool Day Care.** The Association, at its North Lexington facility, offers a pre-school child care center offering parents a safe and secure location for children from ages 6 weeks through kindergarten. This highly diverse center focuses on family activities and early childhood education.

**Youth/Teen Programs.** Programs include youth instructional sports designed to enhance the skills of the respective sport and to promote the development of health and fitness, cooperation, safety, and respect for others. Such programs include basketball, T-ball, football, soccer, volleyball, cheerleading, YMCA youth sports leagues that emphasize equal participation for all versus winning or losing. Teen programs include teen camps, teen arcades, computer labs, teen leadership, youth in government and teen nights.

**Aquatics.** Swim lessons are offered to all ages of participants and include progressive learn-to-swim programs, water fitness activities, swim teams, and specialized aquatic activities such as scuba diving, CPR and Life Guarding certification.

**Arts and Humanities Programs:** Instructional sessions are offered in various art forms including music (guitar and percussion classes), dance (ballroom dancing and ballet), visual art forms (drawing, water-color and oil painting, clay sculpting), drama (theatre) and language programs (beginning, intermediate Spanish).

## YMCA OF CENTRAL KENTUCKY, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

#### NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Community Services.** The YMCA is committed to working with local and regional nonprofit agencies in support of stronger communities. Program and events such as arts and humanities, work with refugee families, neighborhood events, literacy days, free book give-a-ways, nonprofit use of YMCA facilities, city-wide events (2<sup>nd</sup> Sunday, Bike Lexington, etc.), tax preparation and more emphasize our commitment to community partners. The Black Achievers program provides students in the 7<sup>th</sup> through 12<sup>th</sup> grades exposure to present future educational and career opportunities. These students are connected with adult mentors who encourage students throughout their high school years and guide them on career development. Assistance is provided for students in applying for college and the Association works with colleges and universities to secure scholarships for graduating seniors.

**Facility Rental.** The Association provides its facilities to various civic, church and other organizations at minimal cost as part of its community-based service. In addition, the Association offers a number of resident rooms for rent at an affordable fee to adult males who may be in transition. Rooms are available on a temporary or permanent basis.

Basis of Accounting: The accompanying financial statements of the Association are prepared on the accrual basis of accounting.

The Accounting Standards Codification: In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, entitled the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("GAAP"). In substance, SFAS No. 168 makes the FASB Accounting Standards Codification ("ASC") the sole source of authoritative accounting technical literature for nongovernmental entities. All accounting guidance that is not included in the ASC now is considered to be non-authoritative. The ASC is effective for interim and annual reporting periods ending after September 15, 2009. The Association adopted the ASC upon issuance with no material impact to the financial statements.

Contributions: Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are not included as contributions until the conditions are substantially met.

Contributed Services: During the years ended December 31, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consists of cash and certificates of deposit with maturities of three months or less.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property and Equipment: The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Assets with useful lives of more than one year and a cost greater than \$1,000 are capitalized and depreciated over their useful life. It is the Association's policy to capitalize donated useful property exceeding \$1,000 at fair value.

Property and equipment are stated at cost and are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	38-50
Building improvements	8-20
Furniture and equipment	3-10

Prepaid Expenses: Prepaid expenses are expenses for goods or services that have been paid for but have not yet been fully used or consumed at year end.

Restricted Cash: Restricted cash consists of cash in banks with specific purpose restrictions.

Unconditional Promises to Give: Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using an applicable interest rate to discount the amounts.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses based on prior year experience and knowledge of donors' financial conditions. Amounts are charged against the allowance when management determines the collectability is doubtful. At December 31, 2009 and 2008 the balance of allowance for doubtful accounts of \$2,022,509 and \$12,330 related entirely to unconditional promises to give.

Deferred Income: The Association defines deferred income as membership dues and activity fees received in advance of the performance of services. The Association's grant awards are accounted for as exchange transactions. Grant funds received in exchange transactions are deemed to be earned of the applicable grant when the Association has incurred expenses in compliance with the specific restrictions of the grant agreement. Expenses incurred for which grant funds have not been received are reported as grants receivable, while grant funds received but not yet earned are reported as deferred income.

Advertising: The Association expenses advertising costs as incurred. Advertising expense amounts to \$256,497 and \$275,114 for the years ended December 31, 2009 and 2008, 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.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
CONTINUED**

Investments: The Association records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statements of activities.

Fair Values: In September 2006, the FASB issued regulations in order to establish a single definition of fair value and a framework for measuring fair value under generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. The Association adopted these regulations pertaining to non-financial assets and non-financial liabilities at the beginning of its 2009 fiscal year. This initial adoption did not have an impact on the Association's financial statements. These regulations also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The regulations describe three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that an entity has the ability to access as of the measurement date, or observable inputs.
- Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following table presents the balances of the assets measured at fair value on a recurring basis as of December 31, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equities	\$ 1,322,380	\$ -	\$ -	\$ 1,322,380
Fixed income	-	2,018,088	-	2,018,088
Cash equivalents	<u>727,232</u>	<u>-</u>	<u>-</u>	<u>727,232</u>
	2,049,612	2,018,088	-	4,067,700
Perpetual trusts held by third parties				
Equities	1,334,761	-	28,728	1,363,489
Fixed income	-	936,550	-	936,550
Cash equivalents	<u>87,988</u>	<u>-</u>	<u>-</u>	<u>87,988</u>
	<u>1,422,749</u>	<u>936,550</u>	<u>28,728</u>	<u>2,388,027</u>
	<u>\$ 3,472,361</u>	<u>\$ 2,954,638</u>	<u>\$ 28,728</u>	<u>\$ 6,455,727</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
CONTINUED**

The following table present the balances of the assets measured at fair value on a recurring basis as of December 31, 2008.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equities	\$ 662,954	\$ -	\$ -	\$ 662,954
Fixed income	-	1,888,482	-	1,888,482
Cash equivalents	<u>1,228,867</u>	<u>-</u>	<u>-</u>	<u>1,228,867</u>
	1,891,821	1,888,482	-	3,780,303
Perpetual trusts held by third parties				
Equities	887,012	-	27,241	914,253
Fixed income	-	1,109,784	-	1,109,784
Cash equivalents	<u>130,043</u>	<u>-</u>	<u>-</u>	<u>130,043</u>
	<u>1,017,055</u>	<u>1,109,784</u>	<u>27,241</u>	<u>2,154,080</u>
	<u>\$ 2,908,876</u>	<u>\$ 2,998,266</u>	<u>\$ 27,241</u>	<u>\$ 5,934,383</u>

Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The FASB has issued new standards, contained in the ASC, clarifying the accounting for uncertainty in taxes recognized in annual financial statements for fiscal years beginning after December 15, 2008. These standards require recognition and measurement of uncertain income tax positions using a “more-likely-than-not” approach. The Association adopted these standards at the beginning of fiscal year 2009 with no material impact on its financial statements.

Financial Statement Presentation: The Association reports three classes of net asset categories according to externally (donor) imposed restrictions:

- a) Unrestricted net assets encompass the portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations,
- b) Temporarily restricted net assets are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations,
- c) Permanently restricted net assets are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Subsequent Event: The Association has evaluated events occurring between the end of its most recent fiscal year end and April 28, 2010, the date the financial statements were available to be issued. No events were identified requiring disclosure.

Reclassification: Certain 2008 statement of activities items have been reclassified to conform with 2009 presentation. Such reclassifications had no effect on results of operation or net assets.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE B - BOARD DESIGNATED, TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS**

Net assets have been designated by the Board of Directors for the following purposes:

	<u>2009</u>	<u>2008</u>
Endowment and contingencies (See Note P)	\$ <u>2,419,552</u>	\$ <u>2,139,713</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support the Association's program services:

Endowment (See Note P)	\$ <u>2,388,027</u>	\$ <u>2,154,080</u>
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Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Scholarship programs	\$ 64,687	\$ 62,371
Scott County facility	31,383	33,742
Capital Campaign	<u>279,442</u>	<u>1,662,442</u>
	\$ <u>375,512</u>	\$ <u>1,758,555</u>

**NOTE C - LAND, BUILDINGS AND EQUIPMENT, NET**

Land, buildings and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Land and land improvements	\$ 7,301,105	\$ 7,301,105
Buildings and improvements	17,393,546	17,322,439
Furniture and equipment	1,019,499	1,112,010
Vehicle	4,000	22,419
Construction-in-progress	<u>830,771</u>	<u>830,771</u>
	26,548,921	26,588,744
Accumulated depreciation	<u>(7,416,649)</u>	<u>(7,032,624)</u>
	\$ <u>19,132,272</u>	\$ <u>19,556,120</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$567,702 and \$647,125, respectively.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE D - PENSION PLAN**

The Association participates in the YMCA Retirement Fund which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

The Plan calls for contributions to the Fund at an amount equal to 12% of the participating employees' salary, with the Association contributing 7% and the employee contributing 5%. Under a special annual agreement, the Association can increase the amount of its contribution rate, thereby reducing the required contribution rate from its eligible employees. Employee contributions as well as any excess contribution rate paid by the Association on behalf of the employee contribution percentage are vested immediately to the employee. Prior to July 1, 2006 each employee who was 21 years of age and over was eligible to participate in the Plan on the first day of the month after one year of service, defined as completion of 1,000 hours of compensated employment within a 12-month period. Employer contributions to the Plan were vested to the employee after three years of service. Effective July 1, 2006 the Plan was amended to call for participation to begin on the first day of the month after two years of service, as previously defined. Both employee and employer contributions to the Plan become immediately vested to the employee upon entrance into the Plan.

The Association elected to contribute 12% for the years ending December 31, 2009 and 2008, thereby making the required employee contribution rates to be 0% for the respective periods. The Association contributed \$317,884 and \$280,982 for the years ending December 31, 2009 and 2008, respectively, of which none was unpaid as of each respective period end.

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

**NOTE E - NOTES PAYABLE**

	<u>2009</u>	<u>2008</u>
Notes payable at December 31, 2009 and 2008 consist of the following:		
6% note payable, \$100,000 of principal and related interest to be forgiven annually as a contribution, uncollateralized. The note was made pursuant to the terms of a commitment agreement dated May 5, 1999 between the Association and Nazareth Health, Inc. According to the terms of the agreement, the Association will not be obligated for repayment of the note unless and until the facility shall cease to be used for the purpose intended under the agreement.	\$ 1,050,000	\$ 1,150,000

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE E - NOTES PAYABLE - CONTINUED**

	<u>2009</u>	<u>2008</u>
Mortgage note payable at 7.25% interest rate, due July 1, 2013, principal and interest due in monthly payments of \$3,696, collateralized by real estate owned by the Association.	<u>136,749</u>	<u>169,874</u>
	<u>\$ 1,186,749</u>	<u>\$ 1,319,874</u>

The following is a summary of debt maturities as of December 31, 2009:

<u>Year</u>	<u>Cash Payment Amount</u>	<u>Anticipated Forgiveness Amount</u>
2010	\$ 39,592	\$ 100,000
2011	97,157	100,000
2012	-	100,000
2013	-	100,000
2014	-	100,000
Thereafter	-	550,000

**NOTE F - BONDS OBLIGATION**

The Lexington-Fayette Urban County Government (the "Issuer") has issued its Variable Rate Demand Industrial Development Revenue Bonds Series 1999 (the "Bonds") in the aggregate principal amount of \$12,000,000. The bonds were issued pursuant to a Trust Indenture dated as of July 1, 1999 (the "Indenture"), between the Issuer and Fifth Third Bank (the "Trustee"). The bonds are dated as of and bear interest from the date of their initial delivery pursuant to the instructions of Banc One Capital Markets, Inc., as underwriter (the "Underwriter"). The bonds will mature on July 1, 2019, and are subject to optional redemption prior to maturity. The timing and amount of any optional redemption of the bonds is subject to change at the discretion and upon agreement of the Association and the bank.

The proceeds received from the sale of the bonds were loaned to the Association. The loan was made pursuant to the terms of a loan agreement dated as of July 1, 1999 between the Association and the Issuer to finance the Association's construction and renovation costs for the North Lexington Family Facility, the Beaumont Centre Family Facility and the High Street Facility.

The Bonds bear interest in one of several different adjustable interest rate methods (0.27% and 0.80% at December 31, 2009 and 2008, respectively) and pay interest monthly commencing August 1, 1999. The Association is required to pay 5% of the original principal balance beginning July 1, 2000 and continuing annually until all of the bonds have been redeemed.

The bonds are backed by a letter of credit agreement with a bank. The stated amount of the letter of credit is \$6,000,000 at December 31, 2009 and bears a fee rate of 1.25%. The letter of credit agreement expires on July 15, 2010.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE F - BONDS OBLIGATION - CONTINUED**

Debt service requirements at December 31, 2009 are as follows (presented on the assumption that a letter of credit exists through the maturity date of the bonds):

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 600,000	\$ 15,390	\$ 615,390
2011	600,000	13,770	613,770
2012	600,000	12,150	612,150
2013	600,000	10,530	610,530
2014	600,000	8,910	608,910
Thereafter	<u>3,000,000</u>	<u>20,250</u>	<u>3,020,250</u>
	\$ <u>6,000,000</u>	\$ <u>81,000</u>	\$ <u>6,081,000</u>

The bonds are subject to mandatory sinking fund installment redemption requirements prior to maturity, pursuant to the terms of the Indenture. The Association is required to transfer \$150,000 in an escrow account on the last business day of each calendar quarter and the amount is included as restricted cash in the balance sheet.

The loan agreement and the Indenture contain various restrictive covenants including approval of all contracts, investment of construction advances and financial covenants (including a debt service coverage ratio and a liquidity covenant on unrestricted and temporarily restricted cash and investments). As of December 31, 2009, the Association was in compliance with all specified covenants.

**NOTE G - LEASE OBLIGATIONS**

Operating:

The Association leases two copiers and cardiovascular fitness equipment from non-related parties under signed operating lease agreements. The Association signed a five year service agreement for membership computer software in 2009, which expires in May 2014. Equipment lease expense for the years ended December 31, 2009 and 2008 was \$243,566 and \$216,035, respectively.

The following is a schedule of the future minimum operating lease and service agreement payments as of December 31, 2009:

<u>Year</u>	<u>Amount</u>
2010	\$ 209,555
2011	161,649
2012	160,085
2013	98,970
2014	<u>36,186</u>
	\$ <u>666,445</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE H - CONCENTRATION OF CREDIT**

In October 2008 the FDIC increased the insured limit to \$250,000 effective through December 31, 2013. At December 31, 2009 the Association had uninsured balances of \$161,355. At December 31, 2008 the Association had no uninsured balances.

Revenues and support are from individuals located within the same geographic region. Participation could be affected by the economic condition of the region.

**NOTE I - INVESTMENTS**

Investments at December 31, 2009 consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation/ (loss)</u>
Equities	\$ 2,584,689	\$ 2,685,869	\$ 101,180
Fixed income	3,074,898	2,954,638	(120,260)
Cash equivalents	<u>815,418</u>	<u>815,220</u>	<u>(198)</u>
	<u>\$ 6,475,005</u>	<u>\$ 6,455,727</u>	<u>\$ (19,278)</u>
Investments		\$ 4,067,700	
Perpetual trusts held by third parties		<u>2,388,027</u>	
		<u>\$ 6,455,727</u>	

Investments at December 31, 2008 consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Loss)</u>
Equities	\$ 2,191,565	\$ 1,577,207	\$ (614,358)
Fixed income	3,082,072	2,998,266	(83,806)
Cash equivalents	<u>1,358,151</u>	<u>1,358,910</u>	<u>759</u>
	<u>\$ 6,631,788</u>	<u>\$ 5,934,383</u>	<u>\$ (697,405)</u>
Investments		\$ 3,780,303	
Perpetual trusts held by third parties		<u>2,154,080</u>	
		<u>\$ 5,934,383</u>	

**YMCA OF CENTRAL KENTUCKY, INC.**

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE I - INVESTMENTS - CONTINUED**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Interest and dividend income:</b>				
Capital Contribution Escrow	\$ 45,253	\$ -	\$ -	\$ 45,253
Capital Reserve	722	-	-	722
YMCA Maintenance Reserve	26,406	-	-	26,406
YMCA Endowment	32,495	-	-	32,495
Stoll Trust	22,728	-	-	22,728
Mitchell Trust	(2,102)	-	-	(2,102)
Coolidge Trust	5,801	-	-	5,801
Cooper Trust	3,092	-	-	3,092
Miscellaneous	<u>30</u>	<u>155</u>	<u>-</u>	<u>185</u>
	<u>\$ 134,425</u>	<u>\$ 155</u>	<u>\$ -</u>	<u>\$ 134,580</u>
<b>Realized gains (losses):</b>				
Capital Contribution Escrow	\$ (11,357)	\$ -	\$ -	\$ (11,357)
YMCA Maintenance Reserve	(6,496)	-	-	(6,496)
YMCA Endowment	(46,923)	-	-	(46,923)
Stoll Trust	-	-	(82,703)	(82,703)
Mitchell Trust	-	-	(27,376)	(27,376)
Coolidge Trust	-	-	(7,789)	(7,789)
Cooper Trust	-	-	158	158
Miscellaneous	<u>(318)</u>	<u>-</u>	<u>-</u>	<u>(318)</u>
	<u>\$ (65,094)</u>	<u>\$ -</u>	<u>\$ (117,710)</u>	<u>\$ (182,804)</u>
<b>Unrealized gains (losses):</b>				
Capital Contribution Escrow	\$ (21,771)	\$ -	\$ -	\$ (21,771)
YMCA Maintenance Reserve	105,264	-	-	105,264
YMCA Endowment	211,567	-	-	211,567
Stoll Trust	-	-	171,458	171,458
Mitchell Trust	-	-	68,711	68,711
Coolidge Trust	-	-	108,676	108,676
Cooper Trust	-	-	25,821	25,821
Miscellaneous	<u>(563)</u>	<u>1,811</u>	<u>-</u>	<u>1,248</u>
	<u>\$ 294,497</u>	<u>\$ 1,811</u>	<u>\$ 374,666</u>	<u>\$ 670,974</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE I - INVESTMENTS - CONTINUED**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Interest and dividend income:</b>				
Capital Contribution Escrow	\$ 60,504	\$ -	\$ -	\$ 60,504
Capital Reserve	2,104	-	-	2,104
YMCA Maintenance Reserve	31,518	-	-	31,518
YMCA Endowment	35,514	-	-	35,514
Stoll Trust	39,688	-	-	39,688
Mitchell Trust	10,853	-	-	10,853
Coolidge Trust	34,526	-	-	34,526
Cooper Trust	5,663	-	-	5,663
Miscellaneous	<u>-</u>	<u>1,492</u>	<u>-</u>	<u>1,492</u>
	<u>\$ 220,370</u>	<u>\$ 1,492</u>	<u>\$ -</u>	<u>\$ 221,862</u>
<b>Realized gains (losses):</b>				
Capital Contribution Escrow	\$ (2,403)	\$ -	\$ -	\$ (2,403)
YMCA Maintenance Reserve	162	-	-	162
YMCA Endowment	(23,969)	-	-	(23,969)
Stoll Trust	-	-	(75,272)	(75,272)
Mitchell Trust	-	-	(22,255)	(22,255)
Coolidge Trust	-	-	15,423	15,423
Cooper Trust	-	-	(15,949)	(15,949)
Miscellaneous	<u>(5,373)</u>	<u>-</u>	<u>-</u>	<u>(5,373)</u>
	<u>\$ (31,583)</u>	<u>\$ -</u>	<u>\$ (98,053)</u>	<u>\$ (129,636)</u>
<b>Unrealized gains (losses):</b>				
Capital Contribution Escrow	\$ 5,909	\$ -	\$ -	\$ 5,909
YMCA Maintenance Reserve	(26,398)	-	-	(26,398)
YMCA Endowment	(268,584)	-	-	(268,584)
Stoll Trust	-	-	(184,018)	(184,018)
Mitchell Trust	-	-	(78,718)	(78,718)
Coolidge Trust	-	-	(256,050)	(256,050)
Cooper Trust	-	-	(38,052)	(38,052)
Miscellaneous	<u>3,719</u>	<u>(6,791)</u>	<u>-</u>	<u>(3,072)</u>
	<u>\$ (285,354)</u>	<u>\$ (6,791)</u>	<u>\$ (556,838)</u>	<u>\$ (848,983)</u>

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE J - PROMISES TO GIVE**

Unconditional promises to give related to the Organization's Capital Campaign and Campaign for Kids at December 31, 2009, are as follows:

Receivable in less than one year	\$ 354,500
Receivable in one to five years	878,920
Receivable in six to fifteen years	1,270,000
Receivable in over fifteen years	<u>17,000</u>
Total unconditional promises to give	2,520,420
Less allowance for doubtful accounts	(2,022,509)
Less discounts to net present value	<u>(68,125)</u>
Net unconditional promises to give at December 31, 2009	\$ <u>429,786</u>

Discount rate used on promises to give was 5%.

**NOTE K - RELATED PARTY TRANSACTIONS**

As of December 31, 2009 and 2008, \$102,637 and \$111,000, respectively, was paid to the YMCA of the U.S.A. for support services.

**NOTE L - SPLIT-INTEREST AGREEMENTS**

Four donors have established trusts under which the Association receives benefits that are shared with other beneficiaries. Under the terms of these trusts, the Association has the irrevocable right to receive their share of the income earned on the trust assets in perpetuity, but they never receive the assets held in trust. The value of these trusts has been determined by taking the Association's share of the income received annually and multiplying that percentage by the market value of the trust assets. A brief description of the perpetual trusts held by third parties is as follows:

- a. *Stoll Trust* The Association receives 1/3 of the income earned. The income can be used for general operations.
- b. *Mitchell Trust* The Association receives 1/13 of the income earned. The income can be used for general operations.
- c. *Coolidge Trust* The Association receives 100% of the income earned. The income is to be spent for the benefit of the Jessamine County branch.
- d. *Cooper Trust* The Association receives 50% of the income earned. The income can be used for general operations.

## **YMCA OF CENTRAL KENTUCKY, INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

For the years ended December 31, 2009 and 2008

#### **NOTE M - COMMITMENTS AND CONTINGENCIES**

During 1998 the YMCA of Central Kentucky, Inc., along with Saint Joseph Hospital, created a separate holding company known as Beaumont Wellness Associates. The company was created to own the Beaumont Centre YMCA facility, as well as providing general fiduciary responsibility for its development and operation. As of December 31, 2009, the Company had not applied for tax exempt status.

Beginning in June 2006, the YMCA of Central Kentucky embarked on a \$20 million capital campaign to build two new full service facilities. As of December 31, 2009, the campaign has received unconditional and conditional promises to give of approximately \$4.0 million. In addition, a commitment has been secured for one of the facilities from a health-care facility to lease a portion of the square footage upon completion for a five-year term with an option to renew for additional five-year terms. Fundraising efforts for both projects are expected to continue throughout the 2010 calendar year. The Association has ceased building design processes until additional funds can be raised. In 2009, The Association reserved 100% for a \$2 million unconditional promise to give with a net value of \$1,421,345.

The Association has entered into agreements with architectural, consulting and construction management firms related to the construction of two new YMCA facilities. The Association has committed approximately \$2,100,000 related to the construction of these facilities.

#### **NOTE N - CONDITIONAL PROMISE TO GIVE**

YMCA has been promised \$600,000, to be contributed at a rate of \$100,000 per year over a six year period, ending with calendar year ending December 31, 2015, subject to sufficient funds being appropriated in each fiscal year's budget and YMCA's adherence to the terms set forth in the agreement.

In addition, the contributor has agreed to donate a suitable building site with a minimum of 10 acres of land for construction of a facility, provided the construction of this facility is contingent on YMCA's ability to raise sufficient funds through capital contributions. The contributor will also provide site development services corresponding with the construction of this facility.

Since these promises do not meet the criteria for revenue recognition under generally accepted accounting principles, they are not reflected as contributions in the statement of activities until they are met.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE O - CAPITAL LEASE OBLIGATIONS**

The Association has acquired equipment under the provisions of a long-term lease. The property under capital lease has a cost of \$7,461, accumulated amortization of \$3,440, and a net book value of \$4,021. Amortization of the leased equipment is included in depreciation expense.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2010	\$ 2,184
2011	2,184
2012	<u>182</u>
	4,550
Less amount representing interest	<u>(529)</u>
Present value of minimum lease payments	\$ <u>4,021</u>

**NOTE P - ENDOWMENT**

The Association's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Association has interpreted the Commonwealth of Kentucky's relevant trust laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE P - ENDOWMENT - CONTINUED**

**Endowment Net Asset Composition by Type of Fund as of December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,388,027	\$ 2,388,027
Board-designated endowment funds	<u>1,231,420</u>	<u>-</u>	<u>-</u>	<u>1,231,420</u>
<b>Total funds</b>	<b>\$ <u>1,231,420</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,388,027</u></b>	<b>\$ <u>3,619,447</u></b>

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,007,628	\$ -	\$ 2,154,080	\$ 3,161,708
Investment return:				
Investment income, net of investment expenses	25,256	-	-	25,256
Net depreciation (realized and unrealized)	<u>163,927</u>	<u>-</u>	<u>256,956</u>	<u>420,883</u>
Total investment return	189,183	-	256,956	446,139
Contributions	37,254	-	-	37,254
Appropriation of endowment assets for expenditure	-	-	-	-
Transfers	<u>(2,645)</u>	<u>-</u>	<u>(23,009)</u>	<u>(25,654)</u>
<b>Endowment net assets, end of year</b>	<b>\$ <u>1,231,420</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,388,027</u></b>	<b>\$ <u>3,619,447</u></b>

**YMCA OF CENTRAL KENTUCKY, INC.**

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE P - ENDOWMENT - CONTINUED****Endowment Net Asset Composition by Type of Fund as of December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,154,080	\$ 2,154,080
Board-designated endowment funds	<u>1,007,628</u>	<u>-</u>	<u>-</u>	<u>1,007,628</u>
<b>Total funds</b>	<b>\$ <u>1,007,628</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,154,080</u></b>	<b>\$ <u>3,161,708</u></b>

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,213,519	\$ -	\$ 2,839,468	\$ 4,052,987
Investment return (loss):				
Investment income, net of investment expenses	25,519	-	-	25,519
Net depreciation (realized and unrealized)	<u>(292,553)</u>	<u>-</u>	<u>(654,891)</u>	<u>(947,444)</u>
Total investment return (loss)	(267,034)	-	(654,891)	(921,925)
Contributions	80,930	-	-	80,930
Appropriation of endowment assets for expenditure	-	-	-	-
Transfers	<u>(19,787)</u>	<u>-</u>	<u>(30,497)</u>	<u>(50,284)</u>
<b>Endowment net assets, end of year</b>	<b>\$ <u>1,007,628</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,154,080</u></b>	<b>\$ <u>3,161,708</u></b>

**YMCA OF CENTRAL KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2009 and 2008

**NOTE P - ENDOWMENT - CONTINUED**

**Endowment investment policy**

Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity as well as board-designated funds. As described in Note L, the Association's donor-restricted endowment consists entirely of four perpetual trusts held by third parties. Each trust has designated a separate trustee and investment manager. The Association has no control over the trusts' assets or investment policies. The Association has adopted an investment policy for board-designated endowment assets that attempts to grow the value of the endowment assets. The Association's Finance Committee has the responsibility of making recommendations concerning the Association's investment policies and appoints an investment manager.

The Association's investment policy includes guidelines which recognize that in maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within the context of active management and the necessity for adherence to proper diversification, the Association relies upon the investment manager's appropriate professional advice. The Association's investment objectives realize that prudent investment management is a duty and recognizes that while long-term objectives are important, it is also necessary that short-term benchmarks be used to assess the periodic performance of the investment program. Accordingly the Association has established the following investment objectives:

- Long-term: The investment assets of the Association should achieve a return measured over a market cycle which equals or exceeds the rate of return earned by similar investment assets managed by other similar investment managers.
- Short-term: The returns on the managed funds of the Association measured on a year-to-date basis, should exceed the returns achieved by comparable unmanaged market indices.

The Association's asset allocation guidelines recognize that the investment funds of the Association have a limited capacity to tolerate investment volatility, or risk. Based on cost, the following are the allowable asset ranges for the funds of the endowment assets:

<u>Asset Class</u>	
Equity	50-70%
Fixed Income	30-50%
Real Estate	0-5%

The Finance Committee of the Association will review annually the performance of the portfolio for determination of compliance with the investment policy.