

YMCA OF INDIANA COUNTY  
(A NOT-FOR-PROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**Clay & Gascoine LLC**  
Certified Public Accountants

YMCA OF INDIANA COUNTY

**Board of Directors – Officers**

President

Jennifer Myers

Vice President

Fred Hayes

Treasurer

William Bracken

Secretary

Chris Sharbaugh

**Executive Director**

Eric Neal

**Counsel**

Kevin Gormly

YMCA OF INDIANA COUNTY

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# CLAY & GASCOINE LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
YMCA of Indiana County  
Indiana, Pennsylvania

## **Independent auditors' report**

We have audited the accompanying financial statements of YMCA of Indiana County (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of Indiana County as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Clay & Gascoine LLC*

August 14, 2013

**YMCA OF INDIANA COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 369,212	\$ 220,541
Accounts receivable	32,857	21,916
Pledges receivable	36,023	47,894
Other current assets	<u>3,804</u>	<u>-</u>
Total current assets	<u>441,896</u>	<u>290,351</u>
<b>Long-term investments</b>	<u>51,579</u>	<u>50,000</u>
<b>Property and equipment</b>		
Building and equipment	3,862,781	3,557,825
Less accumulated depreciation	<u>(2,150,354)</u>	<u>(2,019,891)</u>
Net property and equipment	<u>1,712,427</u>	<u>1,537,934</u>
<b>Other assets</b>		
Certificates of deposit	<u>155,387</u>	<u>111,863</u>
<b>Total assets</b>	<u>\$ 2,361,289</u>	<u>\$ 1,990,148</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 23,777	\$ 22,013
Current maturities of long-term debt	55,577	53,329
Accrued payroll and taxes	33,523	31,622
Other accrued liabilities	<u>61,702</u>	<u>32,088</u>
Total current liabilities	<u>174,579</u>	<u>139,052</u>
<b>Other liabilities, net of current maturities</b>		
Long-term debt	<u>787,062</u>	<u>654,661</u>
Total other liabilities	<u>787,062</u>	<u>654,661</u>
Total liabilities	<u>961,641</u>	<u>793,713</u>
<b>Net assets</b>		
Unrestricted net assets		
Operating	1,315,646	1,119,758
Board designated	<u>84,002</u>	<u>76,677</u>
Total net assets	<u>1,399,648</u>	<u>1,196,435</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,361,289</u>	<u>\$ 1,990,148</u>

See notes to financial statements.

**YMCA OF INDIANA COUNTY**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31,**

	<u>2012</u>	<u>2011</u>
<b>Unrestricted net assets</b>		
<b>Support and revenues</b>		
Indirect public support (membership)	\$ 1,038,019	\$ 819,846
Program income	508,610	457,329
United Way	60,032	69,336
Direct public support	40,898	65,824
Concession sales	56,175	60,179
Facility rentals	55,239	40,166
Fundraising income, net of expenses	39,907	66,146
Other income	<u>11,220</u>	<u>3,440</u>
Total support and revenues	<u>1,810,100</u>	<u>1,582,266</u>
<b>Expenses</b>		
Salaries and wages	736,850	696,149
Occupancy	179,016	160,552
Interest	40,203	35,179
Payroll taxes and benefits	153,606	170,141
Depreciation expense	138,163	116,634
Supplies	98,753	89,611
Insurance	27,394	23,959
Dues	36,417	29,785
Professional fees and contract services	76,111	61,140
Printing and publications	40,698	27,698
Conferences and meetings	5,413	2,491
Travel	22,940	18,099
Telephone	7,437	5,889
Postage	33,750	22,793
Equipment rental and maintenance	559	203
Uncollectible pledges	5,500	-
Miscellaneous expense	<u>4,077</u>	<u>4,114</u>
Total expenses	<u>1,606,887</u>	<u>1,464,437</u>
Increase (decrease) in net assets	203,213	117,829
Net assets, beginning	<u>1,196,435</u>	<u>1,078,606</u>
<b>Net assets, ending</b>	<u>\$ 1,399,648</u>	<u>\$ 1,196,435</u>

See notes to financial statements.

**YMCA OF INDIANA COUNTY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31,**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Cash received from members and contributors	\$ 1,688,396	\$ 1,481,598
Cash paid to suppliers and employees	(1,399,046)	(1,291,055)
Interest and other income	119,834	103,785
Interest paid	<u>(40,203)</u>	<u>(35,179)</u>
Net cash provided by operating activities	<u>368,981</u>	<u>259,149</u>
<b>Cash flows from investing activities</b>		
Purchase of investments and certificates of deposit	(45,103)	(161,863)
Purchase of buildings and equipment	(312,656)	(39,117)
Proceeds from sale of fixed assets	<u>2,800</u>	<u>-</u>
Net cash used in investing activities	<u>(354,959)</u>	<u>(200,980)</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	874,780	-
Repayment of long-term debt and capital lease obligations	<u>(740,131)</u>	<u>(65,338)</u>
Net cash provided by (used in) financing activities	<u>134,649</u>	<u>(65,338)</u>
<b>Net increase (decrease) in cash and temporary investments</b>	148,671	(7,169)
Cash and temporary investments, beginning	<u>220,541</u>	<u>227,710</u>
<b>Cash and temporary investments, ending</b>	<u>\$ 369,212</u>	<u>\$ 220,541</u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Increase (decrease) in net assets</b>	<u>\$ 203,213</u>	<u>\$ 117,829</u>
<b>Adjustments</b>		
Depreciation and amortization	138,163	116,634
Gain on sale of assets	(2,800)	-
Changes in assets and liabilities		
(Increase) decrease in accounts and pledges receivable	930	3,117
(Increase) decrease in other current assets	(3,804)	-
Increase (decrease) in accounts payable	1,764	5,616
Increase (decrease) in accrued expenses	<u>31,515</u>	<u>15,953</u>
Total adjustments	<u>165,768</u>	<u>141,320</u>
<b>Net cash provided by operating activities</b>	<u>\$ 368,981</u>	<u>\$ 259,149</u>

See notes to financial statements.

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Nature of activities**

YMCA of Indiana County (YMCA) provides/offers various recreational and fitness programs to residents of Indiana County. YMCA is primarily supported through memberships and various programs open to the public. Approximately 85% and 81% of YMCA's support for 2012 and 2011, respectively, came from those two sources.

**Charitable assistance**

YMCA has a policy of providing membership and program assistance to individuals who are unable to pay prevailing fees and charges based on income. Eligible individuals are identified based on financial and other information. Since YMCA does not expect full payment, these charges are not included in revenue.

**Temporarily and permanently restricted net assets**

YMCA reports gifts of cash and other assets as restricted support if and when they are received with donor stipulations that limit the use of the donated assets. Permanently restricted net assets are those whose use by YMCA has been restricted by donors to be maintained by YMCA in perpetuity. Temporarily restricted net assets have been limited by donors to a specific time period or purpose.

There were no temporary or permanently restricted net assets at December 31, 2012 and 2011.

**Cash and cash equivalents**

For the purposes of the statements of financial position and statements of cash flows, YMCA considers nonrestricted, highly liquid short-term investments that have an original maturity of three months or less to be cash and cash equivalents. Included in cash are funds the Board of Directors has designated for use by the Swim Team. These amounts were \$24,002 and \$16,677 as of December 31, 2012 and 2011, respectively.

**Indirect public support - membership dues**

Membership dues are recognized as revenue in the period in which they are billed.

**Accounts receivable**

YMCA closely monitors outstanding accounts receivable and charges off to expense, any balances that are determined to be uncollectible from historical experience. At December 31, 2012 and 2011, YMCA considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts. Bad debt expense was \$0 for both of the years ended December 31, 2012 and 2011.

**Allowance for uncollectible pledges**

YMCA provides for uncollectible pledges by the direct write-off method. Uncollectible pledges written off were \$5,500 and \$0 as of December 31, 2012 and 2011, respectively.

**Property and equipment**

Property is recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Asset purchases over \$1,000 are capitalized and depreciation is computed using the straight-line method over the anticipated economic lives of the respective assets. Asset lives range from three to fifty years.

**Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Federal income taxes**

YMCA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes is included.



**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

**Donated materials or services**

The value of donated materials or services relating to normal operations is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such materials or services.

**Uncertain tax positions**

YMCA has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. YMCA will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. YMCA evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

YMCA's evaluation on December 31, 2012 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2009 through 2011 tax years remain subject to examination by the Internal Revenue Service. YMCA does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Advertising expenses**

Advertising costs are expensed as incurred. Advertising expense for 2012 and 2011 were \$19,032 and \$12,177, respectively, and has been included in printing and publications on the statements of activities and changes in assets.

**Subsequent events**

Management has evaluated subsequent events through August 14, 2013; the date financial statements were available to be issued.

2. CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

YMCA maintains cash accounts at two banks. The amount of cash deposits at each financial institution insured by the Federal Deposit Insurance Corporation was \$250,000 in 2012 and 2011. In the normal course of business, YMCA may have deposits with these financial institutions in excess of federal insurance coverage. At December 31, 2012 and 2011, the cash balances did not exceed federally insured limits.

3. PLEDGES RECEIVABLE

Pledge dollars recognized during 2012 and 2011 were \$100,930 and \$135,160, respectively. Pledges receivable were \$36,023 and \$47,894 as of December 31, 2012 and 2011, respectively. The net allowance for uncollectible pledges was \$0 for both years.

4. INVESTMENTS

Accounting standards for Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. YMCA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, YMCA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

4. INVESTMENTS (CONTINUED)

**Level 3 Fair Value Measurements**

In 2011, YMCA purchased a 22 year annuity with a guaranteed minimum interest rate of 3% and an initial guaranteed period of one year. The annuity imposes a surrender charge on amounts withdrawn until the sixth year has been reached; the surrender charge percentage ranges from 7% in the first year to 2% in the sixth year. Each year after the first contract year, 10% of the accumulation value, determined as of the first withdrawal each contract year, may be withdrawn without a surrender charge.

	<u>Fair Value</u>	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
<b>December 31, 2012</b>		
Single premium deferred annuity	<u>\$51,579</u>	<u>\$51,579</u>
Total	<u>\$51,579</u>	<u>\$51,579</u>
<b>December 31, 2011</b>		
Single premium deferred annuity	<u>\$50,000</u>	<u>\$50,000</u>
Total	<u>\$50,000</u>	<u>\$50,000</u>

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

	<u>Single Premium Deferred Annuity</u>	<u>Total</u>
Beginning balance as of December 31, 2011	\$50,000	\$50,000
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,579	1,579
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2012	<u>\$51,579</u>	<u>\$51,579</u>
Beginning balance as of December 31, 2010	\$ -	\$ -
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	-	-
Purchases, sales, issuances, and settlements (net)	<u>50,000</u>	<u>50,000</u>
Ending balance as of December 31, 2011	<u>\$50,000</u>	<u>\$50,000</u>

5. OTHER ASSETS

YMCA has purchased certificates of deposit with a maturity greater than three months totaling \$155,387 and \$111,863, as of December 31, 2012 and 2011, respectively. Included in these assets are funds the Board of Directors has designated to be used for the construction of handicapped locker rooms in the amount of \$60,000.

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

6. LONG-TERM DEBT

The debt outstanding as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Mortgage to a bank with 240 monthly installments of \$4,896, including interest at 4.99%. The loan matures in 2032.	\$727,230	\$ -
Promissory note payable to a commercial bank in 48 monthly installments of \$3,076, including interest at 3.75%. The note matures in 2016.	115,409	-
Mortgage to a bank with 60 monthly installments of \$4,747, including interest at 5.80%, and 180 monthly installments of \$4,420, including interest based on the three year FHLB rate as quoted by the Pittsburgh Federal Home Loan Bank. The loan was refinanced in 2013.	-	638,693
Promissory note payable to a commercial bank in monthly installments of \$3,040, including interest at 4.9%. The note was refinanced in 2013.	-	69,297
	842,639	707,990
Less portion due currently	55,577	53,329
Long-term debt	<u>\$787,062</u>	<u>\$654,661</u>

All bank debt is collateralized by YMCA's land and building.

Aggregate maturities of debt for the years subsequent to December 31, 2012 are as follows:

2013	\$ 55,577
2014	58,022
2015	60,580
2016	38,274
After 2017	630,186
Total	<u>\$842,639</u>

7. PENSION PLAN

YMCA participates in a qualified defined contribution pension plan, which covers all employees over the age of 21 who have completed 1,000 hours of service per year, for two consecutive years. Monthly contributions are made based on a percentage of eligible employee compensation. The annual contributions for 2012 and 2011 were \$25,172 and \$19,738, respectively.

8. FUNDRAISING

YMCA conducts several fundraising events during the year. The total gross fundraising revenues during 2012 and 2011 were \$90,408 and \$103,015, respectively. The total fundraising costs for 2012 and 2011 were \$50,501, and \$36,869, respectively. Fundraising revenues, net of costs for 2012 and 2011 were \$39,907 and \$66,146, respectively, and these amounts have been included on the statement of activities.