

YMCA OF INDIANA COUNTY
(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Clay & Gascoine LLC
Certified Public Accountants

YMCA OF INDIANA COUNTY

Board of Directors – Officers

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Vice Presidents

Fred Hayes & Nancy Helsel

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Dominic Paccapaniccia

Secretary

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Executive Director

Eric Neal

Counsel

Tom Kaufmann

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, 2014 and 2013, 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, 2014 and 2013, 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

May 19, 2015

YMCA OF INDIANA COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 759,553	\$ 937,263
Accounts receivable - net	21,865	25,638
Pledges receivable - net	117,288	92,266
Certificates of deposit	17,184	176,838
Other current assets	<u>1,520</u>	<u>2,017</u>
Total current assets	<u>917,410</u>	<u>1,234,022</u>
Property and equipment		
Building and equipment	3,916,751	3,886,105
Less accumulated depreciation	<u>(2,400,664)</u>	<u>(2,278,872)</u>
Net property and equipment in service	1,516,087	1,607,233
Construction in progress	<u>498,353</u>	<u>8,801</u>
Net property and equipment	<u>2,014,440</u>	<u>1,616,034</u>
Other assets		
Long-term investments	<u>54,721</u>	<u>53,049</u>
Total assets	<u>\$ 2,986,571</u>	<u>\$ 2,903,105</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 16,536	\$ 11,261
Current maturities of long-term debt	60,580	58,022
Accrued payroll and taxes	44,726	39,829
Other accrued liabilities	<u>41,228</u>	<u>47,103</u>
Total current liabilities	<u>163,070</u>	<u>156,215</u>
Other liabilities, net of current maturities		
Long-term debt	<u>665,325</u>	<u>728,035</u>
Total other liabilities	<u>665,325</u>	<u>728,035</u>
Total liabilities	<u>828,395</u>	<u>884,250</u>
Net assets		
Unrestricted net assets		
Operating	1,994,243	1,488,259
Board designated	95,730	86,992
Temporarily restricted	<u>68,203</u>	<u>443,604</u>
Total net assets	<u>2,158,176</u>	<u>2,018,855</u>
Total liabilities and net assets	<u>\$ 2,986,571</u>	<u>\$ 2,903,105</u>

See notes to financial statements.

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

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Support and revenues		
Indirect public support (membership)	\$ 1,080,299	\$ 1,008,592
Program income	374,702	475,858
United Way	70,365	79,640
Direct public support	176,358	142,116
Concession sales	46,362	54,448
Facility rentals	46,046	49,977
Fundraising income, net of expenses	36,460	48,336
Other income	<u>10,630</u>	<u>7,621</u>
Total support and revenues	<u>1,841,222</u>	<u>1,866,588</u>
Net assets released from restrictions	<u>498,353</u>	<u>-</u>
Expenses		
Salaries and wages	864,761	786,489
Occupancy	143,877	139,127
Interest	37,567	40,130
Payroll taxes and benefits	186,460	163,628
Depreciation expense	123,988	130,060
Supplies	115,017	108,047
Insurance	35,316	32,022
Dues	41,869	45,074
Professional fees and contract services	78,508	78,526
Printing and marketing	76,582	51,366
Conferences and training	6,246	8,981
Travel	27,287	29,072
Telephone	7,839	7,850
Postage	16,197	11,010
Repairs and maintenance	40,196	26,203
Bad debt expense	7,740	20,000
Miscellaneous expense	<u>15,403</u>	<u>13,400</u>
Total expenses	<u>1,824,853</u>	<u>1,690,985</u>
Increase in unrestricted net assets	<u>514,722</u>	<u>175,603</u>
Increase (decrease) in temporarily restricted net assets		
Contributions	122,952	443,604
Net assets released from restrictions	<u>(498,353)</u>	<u>-</u>
Increase (decrease) in temporarily restricted net assets	<u>(375,401)</u>	<u>443,604</u>
Increase in net assets	139,321	619,207
Net assets, beginning	<u>2,018,855</u>	<u>1,399,648</u>
Net assets, ending	<u>\$ 2,158,176</u>	<u>\$ 2,018,855</u>

See notes to financial statements.

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

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash received from members and contributors	\$ 1,839,887	\$ 2,149,122
Cash paid to suppliers and employees	(1,658,504)	(1,539,817)
Interest and other income	101,838	110,504
Interest paid	<u>(37,567)</u>	<u>(40,130)</u>
Net cash provided by operating activities	<u>245,654</u>	<u>679,679</u>
Cash flows from investing activities		
Purchase of investments	(1,672)	(1,470)
Net (increase) decrease in certificates of deposit	159,654	(21,451)
Purchase of buildings and equipment	(32,842)	(25,824)
Increase in construction in progress	(489,552)	(8,801)
Proceeds from sale of fixed assets	<u>1,200</u>	<u>2,500</u>
Net cash used in investing activities	<u>(363,212)</u>	<u>(55,046)</u>
Cash flows from financing activities		
Repayment of long-term debt	<u>(60,152)</u>	<u>(56,582)</u>
Net cash used in financing activities	<u>(60,152)</u>	<u>(56,582)</u>
Net increase (decrease) in cash and temporary investments	(177,710)	568,051
Cash and temporary investments, beginning	<u>937,263</u>	<u>369,212</u>
Cash and temporary investments, ending	<u>\$ 759,553</u>	<u>\$ 937,263</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	\$ <u>139,321</u>	\$ <u>619,207</u>
Adjustments		
Depreciation and amortization	123,988	130,060
Gain on sale of assets	(1,200)	(1,542)
Changes in assets and liabilities		
(Increase) decrease in accounts and pledges receivable	(21,249)	(49,024)
(Increase) decrease in other current assets	497	1,787
Increase (decrease) in accounts payable	5,275	(12,516)
Increase (decrease) in accrued expenses	<u>(978)</u>	<u>(8,293)</u>
Total adjustments	<u>106,333</u>	<u>60,472</u>
Net cash provided by operating activities	<u>\$ 245,654</u>	<u>\$ 679,679</u>

See notes to financial statements.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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 80% of YMCA's support for 2014 and 2013, 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, the prevailing fees and charges are not included in revenue.

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 \$18,545 and \$26,992 as of December 31, 2014 and 2013, respectively. Temporarily restricted funds included in cash for the construction of the Miracle League Field and fitness stations were \$68,203 and \$344,323 as of December 31, 2014 and 2013, respectively.

Indirect public support - membership dues

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

Accounts receivable

YMCA monitors outstanding accounts receivable and charges off to expense, any balances that are determined to be uncollectible from historical experience. Accordingly, there is \$10,000 recorded as an allowance for doubtful accounts for 2014 and 2013. Bad debt expense was \$7,740, and \$20,000 for the years ended December 31, 2014 and 2013, respectively.

Allowance for uncollectible pledges

YMCA provides for uncollectible pledges by the direct write-off method. Uncollectible pledges written off were \$0 and \$10,000 as of December 31, 2014 and 2013, respectively, and included in bad debt expense in the statement of activities and changes in net assets.

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.

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 permanently restricted net assets at December 31, 2014 and 2013. Temporarily restricted net assets for the construction of the Miracle League Field and fitness stations totaled \$68,203 and \$443,604, for December 31, 2014 and 2013, respectively.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

1. **SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

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.

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, 2014 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2011 through 2013 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 2014 and 2013 were \$33,053 and \$23,782, 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 May 19, 2015 the date financial statements were available to be issued.

2. **CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS**

YMCA maintains cash accounts at three banks. The amount of cash deposits at each financial institution insured by the Federal Deposit Insurance Corporation was \$250,000 in 2014 and 2013. In the normal course of business, YMCA may have deposits with these financial institutions in excess of federal insurance coverage. Deposits exceeded FDIC limits in the amounts of \$228,680, and \$639,360 as of December 31, 2014 and 2013, respectively.

3. **PLEDGES RECEIVABLE**

Pledge dollars recognized during 2014 and 2013 were \$369,051 and \$655,360, respectively. Pledges receivable were \$117,288 and \$92,266 as of December 31, 2014 and 2013, respectively. The net allowance for uncollectible pledges was \$10,000 for as of December 31, 2014 and 2013.

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, 2014 AND 2013

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>
December 31, 2014		
Single premium deferred annuity	<u>\$54,721</u>	<u>\$54,721</u>
Total	<u>\$54,721</u>	<u>\$54,721</u>
December 31, 2013		
Single premium deferred annuity	<u>\$53,049</u>	<u>\$53,049</u>
Total	<u>\$53,049</u>	<u>\$53,049</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, 2013	\$53,049	\$53,049
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,672	1,672
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2014	<u>\$54,721</u>	<u>\$54,721</u>
Beginning balance as of December 31, 2012	\$51,579	\$51,579
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,470	1,470
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2013	<u>\$53,049</u>	<u>\$53,049</u>

5. CERTIFICATES OF DEPOSIT

YMCA has purchased certificates of deposit with a maturity greater than three months totaling \$17,184 and \$176,838, as of December 31, 2014 and 2013, respectively. Included in these assets in 2013 are funds the Board of Directors has designated to be used for the construction of handicapped restrooms in the amount of \$60,000. During 2014, a certificate of deposit matured and was deposited into a money market account.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

6. **LONG-TERM DEBT**

The debt outstanding as of December 31 is as follows:

	<u>2014</u>	<u>2013</u>
Mortgage to a bank with 240 monthly installments of \$4,896, including interest at 4.99%. The loan matures in 2032.	\$669,367	\$703,751
Promissory note payable to a commercial bank in 48 monthly installments of \$3,076, including interest at 3.75%. The note matures in 2016.	<u>56,538</u>	<u>82,306</u>
	725,905	786,057
Less portion due currently	<u>60,580</u>	<u>58,022</u>
Long-term debt	<u>\$665,325</u>	<u>\$728,035</u>

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

Aggregate maturities of debt for the years subsequent to December 31, 2014 are as follows:

2015	\$ 60,580
2016	46,883
2017	27,503
2018	28,927
After 2018	<u>562,012</u>
Total	<u>\$725,905</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 2014 and 2013 were \$32,326 and \$29,439, respectively.

8. **FUNDRAISING**

YMCA conducts several fundraising events during the year. The total gross fundraising revenues during 2014 and 2013 were \$58,886 and \$73,834, respectively. The total fundraising costs for 2014 and 2013 were \$22,426, and \$25,498, respectively. Fundraising revenues, net of costs for 2014 and 2013 were \$36,460 and \$48,336, respectively, and these amounts have been included on the statement of activities.

9. **RECLASSIFICATIONS**

Certain amounts have been reclassified in the 2013 financial statement in an effort to conform to the 2014 presentation with no effect on net income.