

YMCA OF INDIANA COUNTY  
(A NOT-FOR-PROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**Clay & Gascoine LLC**  
Certified Public Accountants

YMCA OF INDIANA COUNTY

**Board of Directors – Officers**

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Treasurer

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Secretary

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Eric Neal

**Counsel**

Tom Kaufmann

YMCA OF INDIANA COUNTY

**TABLE OF CONTENTS**

Independent auditors' report	1
Financial statements for the years ended December 31, 2017 and 2016	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6-10

# 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, 2017 and 2016, 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, 2017 and 2016, 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*

June 7, 2018

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

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 439,047	\$ 763,980
Accounts receivable - net	9,845	29,097
Pledges receivable - net	26,989	98,912
Certificates of deposit	34,907	34,620
Other current assets	<u>20,565</u>	<u>11,414</u>
Total current assets	<u>531,353</u>	<u>938,023</u>
<b>Property and equipment</b>		
Building and equipment	4,392,741	4,272,435
Less accumulated depreciation	<u>(2,377,569)</u>	<u>(2,226,719)</u>
Net property and equipment	<u>2,015,172</u>	<u>2,045,716</u>
<b>Other assets</b>		
Investments	<u>598,956</u>	<u>57,973</u>
<b>Total assets</b>	<u>\$ 3,145,481</u>	<u>\$ 3,041,712</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 9,029	\$ 29,074
Current maturities of capital leases	36,107	34,877
Current maturities of long-term debt	28,927	27,503
Accrued payroll and taxes	19,150	30,096
Other accrued liabilities	<u>41,835</u>	<u>36,604</u>
Total current liabilities	<u>135,048</u>	<u>158,154</u>
<b>Other liabilities, net of current maturities</b>		
Capital lease obligations	83,002	119,209
Long-term debt	<u>566,655</u>	<u>597,081</u>
Total other liabilities	<u>649,657</u>	<u>716,290</u>
<b>Total liabilities</b>	<u>784,705</u>	<u>874,444</u>
<b>Net assets</b>		
Unrestricted net assets		
Operating	1,874,943	1,716,269
Board designated	373,538	381,304
Temporarily restricted	<u>112,295</u>	<u>69,695</u>
Total net assets	<u>2,360,776</u>	<u>2,167,268</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,145,481</u>	<u>\$ 3,041,712</u>

See notes to financial statements.

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

	<u>2017</u>	<u>2016</u>
<b>Unrestricted net assets</b>		
<b>Support and revenues</b>		
Indirect public support (membership)	\$ 1,034,344	\$ 1,070,039
Program income	531,667	458,912
United Way	27,888	52,944
Direct public support	310,698	152,290
Concession sales	43,221	56,483
Facility rentals	22,755	45,863
Gain (loss) on disposal of assets	375	450
Fundraising income	85,069	87,136
Gain (loss) on sale of investments	2	-
Unrealized gain (loss) on investments	8,662	-
Other income	11,808	7,456
Total support and revenues	<u>2,076,489</u>	<u>1,931,573</u>
Net assets released from restrictions	<u>57,000</u>	<u>29,550</u>
<b>Expenses</b>		
Program expenses		
Camp programs	76,062	84,734
Youth development	122,003	120,611
Membership	175,081	156,917
Health and wellness	152,577	134,441
Aquatics	368,087	367,521
Occupancy	486,593	439,822
General and administrative	456,652	600,345
Fundraising	145,526	48,408
Total expenses	<u>1,982,581</u>	<u>1,952,799</u>
Increase (decrease) in unrestricted net assets	<u>150,908</u>	<u>8,324</u>
<b>Restricted net assets</b>		
Contributions	99,600	64,480
Net assets released from restrictions	<u>(57,000)</u>	<u>(29,550)</u>
Increase (decrease) in temporarily restricted net assets	<u>42,600</u>	<u>34,930</u>
Increase (decrease) in net assets	193,508	43,254
Net assets, beginning	<u>2,167,268</u>	<u>2,124,014</u>
<b>Net assets, ending</b>	<u>\$ 2,360,776</u>	<u>\$ 2,167,268</u>

See notes to financial statements.

**YMCA OF INDIANA COUNTY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

	Camp Programs	Youth Development	Membership	Health and Wellness	Aquatics	Occupancy	Administration	Fundraising	Total
Salaries and wages	\$ 50,419	\$ 95,467	\$ 98,690	\$ 125,361	\$ 194,078	\$ 115,885	\$ 152,084	\$ 81,649	\$ 913,633
Utilities	-	200	-	40,789	-	87,898	1,125	-	130,012
Interest	-	-	4,794	-	-	26,342	189	-	31,325
Payroll taxes and benefits	6,437	15,209	9,462	13,972	31,382	29,762	69,585	25,560	201,369
Depreciation expense	-	-	-	-	-	151,500	-	-	151,500
Supplies	3,208	9,390	30,591	7,767	67,592	15,133	22,598	24,387	180,666
Insurance	-	-	-	-	-	-	43,481	-	43,481
Dues	-	500	-	-	513	-	40,593	-	41,606
Professional fees and contract services	-	19	31,097	-	660	13,628	68,048	-	113,452
Printing and marketing	1,387	501	335	250	17,573	-	34,150	9,072	63,268
Conferences and training	340	95	-	230	836	-	4,386	-	5,887
Travel	14,271	15	-	42	9,923	-	4,677	-	28,928
Telephone	-	-	-	-	175	8,071	-	-	8,246
Postage	-	-	-	-	-	-	9,459	4,858	14,317
Repairs and maintenance	-	607	93	1,585	4,430	38,264	-	-	44,979
Bad debt expense	-	-	-	-	-	-	2,900	-	2,900
Miscellaneous expense	-	-	19	3,370	136	110	3,377	-	7,012
Total expenditures	\$ 76,062	\$ 122,003	\$ 175,081	\$ 152,577	\$ 368,087	\$ 486,593	\$ 456,652	\$ 145,526	\$ 1,982,581

**YMCA OF INDIANA COUNTY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016**

	Camp Programs	Youth Development	Membership	Health and Wellness	Aquatics	Occupancy	Administration	Fundraising	Total
Salaries and wages	\$ 57,695	\$ 92,194	\$ 95,949	\$ 110,202	\$ 203,820	\$ 117,320	\$ 231,804	\$ -	\$ 908,984
Utilities	875	-	-	-	41,468	85,445	150	-	127,938
Interest	-	-	-	-	-	-	32,120	-	32,120
Payroll taxes and benefits	6,331	12,958	9,431	14,330	30,052	27,600	85,523	-	186,225
Depreciation expense	-	-	-	-	-	138,978	-	-	138,978
Supplies	2,224	9,148	22,238	5,956	64,877	16,215	33,939	31,465	186,062
Insurance	-	-	-	-	-	-	40,632	-	40,632
Dues	-	500	-	-	538	-	33,370	-	34,428
Professional fees and contract services	-	20	29,185	-	535	19,252	44,808	-	93,800
Printing and marketing	1,027	4,448	114	10,746	-	-	58,025	9,682	84,042
Conferences and training	-	-	-	167	111	-	7,081	-	7,359
Travel	16,582	510	-	111	5,272	-	5,092	-	27,567
Telephone	-	-	-	-	612	7,793	-	-	8,405
Postage	-	-	-	-	-	3	14,604	7,261	21,868
Repairs and maintenance	-	833	-	990	9,191	27,172	49	-	38,235
Bad debt expense	-	-	-	-	-	-	8,552	-	8,552
Miscellaneous expense	-	-	-	2,685	279	44	4,596	-	7,604
Total expenditures	\$ 84,734	\$ 120,611	\$ 156,917	\$ 134,441	\$ 367,521	\$ 439,822	\$ 600,345	\$ 48,408	\$ 1,952,799

See notes to financial statements.

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

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Cash received from members and contributors	\$ 2,180,441	\$ 1,831,859
Cash paid to suppliers and employees	(1,834,667)	(1,708,862)
Interest and other income	77,784	109,802
Interest paid	<u>(31,325)</u>	<u>(32,120)</u>
Net cash provided by operating activities	<u>392,233</u>	<u>200,679</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(532,319)	(1,611)
Net (increase) decrease in certificates of deposit	(287)	(17,436)
Purchase of buildings and equipment	(120,956)	(26,556)
Proceeds from sale of fixed assets	<u>375</u>	<u>450</u>
Net cash used in investing activities	<u>(653,187)</u>	<u>(45,153)</u>
<b>Cash flows from financing activities</b>		
Repayment of capital leases	(34,977)	(28,763)
Repayment of long-term debt	<u>(29,002)</u>	<u>(39,914)</u>
Net cash used in financing activities	<u>(63,979)</u>	<u>(68,677)</u>
<b>Net increase (decrease) in cash and temporary investments</b>	(324,933)	86,849
Cash and temporary investments, beginning	<u>763,980</u>	<u>677,131</u>
<b>Cash and temporary investments, ending</b>	<u>\$ 439,047</u>	<u>\$ 763,980</u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Increase in net assets</b>	<u>\$ 193,508</u>	<u>\$ 43,254</u>
<b>Adjustments</b>		
Depreciation and amortization	151,500	138,978
(Gain) loss on sale of investments	(2)	-
Unrealized (gain) loss on investments	(8,662)	-
(Gain) loss on sale of assets	(375)	(450)
Changes in assets and liabilities		
(Increase) decrease in accounts and pledges receivable	91,175	(5,534)
(Increase) decrease in other current assets	(9,151)	(2,590)
Increase (decrease) in accounts payable	(20,045)	16,712
Increase (decrease) in accrued expenses	<u>(5,715)</u>	<u>10,309</u>
Total adjustments	<u>198,725</u>	<u>157,425</u>
<b>Net cash provided by operating activities</b>	<u>\$ 392,233</u>	<u>\$ 200,679</u>
<b>Non-cash transactions</b>		
Purchase of equipment through capital lease	<u>\$ -</u>	<u>\$ 182,850</u>

See notes to financial statements.



**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 2017 and 2016, 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 specific purposes. These amounts were \$373,538 and \$381,304 as of December 31, 2017 and 2016, respectively. Temporarily restricted funds included in cash for the Miracle League Field, front lobby renovations, Kealey Youth Sports programs, programs for children with special needs, and for a second pavilion at Mack Park were \$112,295 and \$69,695 as of December 31, 2017 and 2016, 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 \$5,000 and \$10,000 recorded as an allowance for doubtful accounts for 2017 and 2016, respectively. Bad debt expense was \$2,900, and \$8,552 for the years ended December 31, 2017 and 2016, respectively.

**Allowance for uncollectible pledges**

YMCA provides for uncollectible pledges by the direct write-off method. There were no uncollectible pledges written off during December 31, 2017 and 2016.

**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.

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**Temporarily and permanently restricted net assets (continued)**

There were no permanently restricted net assets at December 31, 2017 and 2016. Temporarily restricted net assets for the Miracle League Field, front lobby renovation, Kealey Youth Sports programs, programs for children with special needs, and for a second pavilion at Mack Park totaled \$112,295 and \$69,695, for December 31, 2017 and 2016, respectively.

**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, 2017 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2014 through 2016 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 2017 and 2016 were \$26,842 and \$29,311, 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 June 7, 2018 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 2017 and 2016. 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 \$0, and \$268,730 as of December 31, 2017 and 2016, respectively.

3. **PLEDGES RECEIVABLE**

Pledge dollars recognized during 2017 and 2016 were \$438,186 and \$269,715, respectively. Pledges receivable were \$26,989 and \$98,912 as of December 31, 2017 and 2016, respectively.

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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.

**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</u> Quoted prices in Active Markets for Identical Assets (Level 1)	<u>Significant</u> Unobservable Inputs (Level 3)
<b>December 31, 2017</b>			
Single premium deferred annuity	\$ 59,712	\$ -	\$59,712
Money market funds	4,181	4,181	-
Certificate of deposits	69,218	69,218	-
Marketable securities	349,824	349,824	-
Corporate bonds and notes	<u>116,021</u>	<u>116,021</u>	<u>-</u>
Total	<u>\$598,956</u>	<u>\$539,244</u>	<u>\$59,712</u>
<b>December 31, 2016</b>			
Single premium deferred annuity	<u>\$ 57,973</u>	<u>\$ -</u>	<u>\$57,973</u>
Total	<u>\$ 57,973</u>	<u>\$ -</u>	<u>\$57,973</u>

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

	<u>Single Premium</u> <u>Deferred Annuity</u>	<u>Total</u>
Beginning balance as of December 31, 2016	\$57,973	\$57,973
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,739	1,739
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2017	<u>\$59,712</u>	<u>\$59,712</u>
Beginning balance as of December 31, 2015	\$56,362	\$56,362
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,611	1,611
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2016	<u>\$57,973</u>	<u>\$57,973</u>

**YMCA OF INDIANA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

5. **LONG-TERM DEBT**

The debt outstanding as of December 31 is as follows:

	<u>2017</u>	<u>2016</u>
Mortgage to a bank with 240 monthly installments of \$4,896, including interest at 4.99%. The loan matures in 2032.	\$595,582	\$624,584
Less portion due currently	<u>28,927</u>	<u>27,503</u>
Long-term debt	<u>\$566,655</u>	<u>\$597,081</u>

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

Aggregate maturities of debt for the years subsequent to December 31, 2017 are as follows:

2018	\$ 28,927
2019	30,425
2020	31,923
2021	33,653
2022	35,383
After 2022	<u>435,271</u>
Total	<u>\$595,582</u>

7. **CAPITAL LEASE**

The YMCA leases exercise equipment under a capital lease. The equipment under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their lease terms or their estimated productive lives. Amortization expense has been included with depreciation.

Following is a summary of equipment held under capital lease for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Equipment	\$182,850	\$182,850
Less accumulated amortization	<u>(60,950)</u>	<u>(24,380)</u>
	<u>\$121,900</u>	<u>\$158,470</u>

Future minimum lease payments and present value of capital lease obligations are:

Years ending December 31,

2018	\$ 39,772
2019	39,772
2020	39,772
2021	<u>7,082</u>
	126,398
Less amount representing interest	<u>(7,289)</u>
Present value of net minimum lease payments	<u>\$119,109</u>

YMCA OF INDIANA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

8. 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 2017 and 2016 were \$40,437 and \$37,463, respectively.