

YMCA OF INDIANA COUNTY
(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Clay & Gascoine LLC
Certified Public Accountants

YMCA OF INDIANA COUNTY

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Eric Neal

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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, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, 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, 2018 and 2017, 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

July 1, 2019

YMCA OF INDIANA COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 436,652	\$ 439,047
Accounts receivable - net	13,646	9,845
Pledges receivable - net	35,764	26,989
Certificates of deposit	35,052	34,907
Other current assets	8,408	20,565
Total current assets	<u>529,522</u>	<u>531,353</u>
Property and equipment		
Building and equipment	4,489,340	4,392,741
Less accumulated depreciation	<u>(2,527,662)</u>	<u>(2,377,569)</u>
Net property and equipment	<u>1,961,678</u>	<u>2,015,172</u>
Other assets		
Investments	<u>634,581</u>	<u>598,956</u>
Total assets	<u>\$ 3,125,781</u>	<u>\$ 3,145,481</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 71,300	\$ 9,029
Current maturities of capital leases	37,380	36,107
Current maturities of long-term debt	26,737	28,927
Accrued payroll and taxes	20,142	19,150
Other accrued liabilities	26,930	41,835
Total current liabilities	<u>182,489</u>	<u>135,048</u>
Other liabilities, net of current maturities		
Capital lease obligations	48,583	83,002
Long-term debt	<u>538,568</u>	<u>566,655</u>
Total other liabilities	<u>587,151</u>	<u>649,657</u>
Total liabilities	<u>769,640</u>	<u>784,705</u>
Net assets		
Net assets without donor restrictions	2,251,141	2,248,481
Net assets with donor restrictions	<u>105,000</u>	<u>112,295</u>
Total net assets	<u>2,356,141</u>	<u>2,360,776</u>
Total liabilities and net assets	<u>\$ 3,125,781</u>	<u>\$ 3,145,481</u>

See notes to financial statements.

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

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions		
Support and revenues		
Indirect public support (membership)	\$ 1,055,347	\$ 1,034,344
Program income	566,677	531,667
United Way	28,653	27,888
Direct public support	196,451	310,698
Concession sales	43,905	43,221
Facility rentals	18,898	22,755
Gain (loss) on disposal of assets	-	375
Fundraising income	118,274	85,069
Gain (loss) on sale of investments	3,296	2
Unrealized gain (loss) on investments	(50,160)	8,662
Other income	<u>27,302</u>	<u>11,808</u>
Total support and revenues	<u>2,008,643</u>	<u>2,076,489</u>
Net assets released from restrictions	<u>153,419</u>	<u>57,000</u>
Expenses		
Program expenses		
Camp programs	109,662	76,062
Youth development	187,942	122,003
Membership	374,144	175,081
Health and wellness	203,850	152,577
Aquatics	478,129	368,087
Occupancy	309,267	486,593
General and administrative	254,725	456,652
Fundraising	<u>241,683</u>	<u>145,526</u>
Total expenses	<u>2,159,402</u>	<u>1,982,581</u>
Increase (decrease) in net assets without donor restrictions	<u>2,660</u>	<u>150,908</u>
Net assets with donor restrictions		
Contributions	146,124	99,600
Net assets released from restrictions	<u>(153,419)</u>	<u>(57,000)</u>
Increase (decrease) in net assets with donor restrictions	<u>(7,295)</u>	<u>42,600</u>
Increase (decrease) in net assets	(4,635)	193,508
Net assets, beginning	<u>2,360,776</u>	<u>2,167,268</u>
Net assets, ending	<u>\$ 2,356,141</u>	<u>\$ 2,360,776</u>

See notes to financial statements.

**YMCA OF INDIANA COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Camp Programs	Youth Development	Membership	Health and Wellness	Aquatics	Occupancy	Administration	Fundraising	Total
Salaries and wages	\$ 62,950	\$ 108,684	\$ 126,270	\$ 117,665	\$ 218,803	\$ 117,211	\$ 100,627	\$ 100,216	\$ 952,426
Utilities	-	-	-	-	60,939	96,396	1,023	-	158,358
Interest	-	-	28,754	-	-	-	-	-	28,754
Bank and credit card fees	-	-	24,712	-	-	-	-	-	24,712
Payroll taxes and benefits	10,093	21,139	18,020	19,444	33,716	25,904	24,069	50,342	202,727
Depreciation expense	9,006	30,019	15,009	45,028	45,028	-	3,002	3,003	150,095
Supplies	5,212	15,256	41,782	4,848	83,377	17,000	16,830	49,800	234,105
Insurance	3,179	2,781	23,845	795	7,551	-	16,227	-	54,378
Dues	-	2,000	36,433	-	315	-	1,640	45	40,433
Professional fees and contract services	2,664	3,589	46,294	2,928	8,109	19,648	19,489	2,801	105,522
Printing and marketing	1,573	3,865	7,597	1,060	9,905	-	33,765	23,989	81,754
Conferences and training	-	128	-	444	-	944	5,643	-	7,159
Travel	14,985	268	88	64	5,961	1,723	3,003	-	26,092
Telephone	-	-	-	-	562	7,019	-	-	7,581
Postage	-	8	5,312	-	1	25	13,391	11,487	30,224
Repairs and maintenance	-	192	28	10,906	3,297	23,325	423	-	38,171
Bad debt expense	-	-	-	-	-	-	8,457	-	8,457
Miscellaneous expense	-	13	-	668	565	72	7,136	-	8,454
Total expenditures	\$ 109,662	\$ 187,942	\$ 374,144	\$ 203,850	\$ 478,129	\$ 309,267	\$ 254,725	\$ 241,683	\$ 2,159,402

**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	-	607	93	1,585	4,430	38,264	9,459	4,858	14,317
Repairs and maintenance	-	-	-	-	-	-	2,900	-	44,979
Bad debt expense	-	-	-	-	-	-	-	-	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

See notes to financial statements.

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from members and contributors	\$ 2,098,950	\$ 2,180,441
Cash paid to suppliers and employees	(1,920,038)	(1,834,667)
Interest and other income	90,105	77,784
Interest paid	<u>(28,754)</u>	<u>(31,325)</u>
Net cash provided by operating activities	<u>240,263</u>	<u>392,233</u>
Cash flows from investing activities		
Purchase of investments	(122,742)	(532,319)
Sales of investments	40,251	-
Net (increase) decrease in certificates of deposit	(145)	(287)
Purchase of buildings and equipment	(96,599)	(120,956)
Proceeds from sale of fixed assets	<u>-</u>	<u>375</u>
Net cash used in investing activities	<u>(179,235)</u>	<u>(653,187)</u>
Cash flows from financing activities		
Repayment of capital leases	(33,146)	(34,977)
Repayment of long-term debt	<u>(30,277)</u>	<u>(29,002)</u>
Net cash used in financing activities	<u>(63,423)</u>	<u>(63,979)</u>
Net increase (decrease) in cash and temporary investments	(2,395)	(324,933)
Cash and temporary investments, beginning	<u>439,047</u>	<u>763,980</u>
Cash and temporary investments, ending	<u>\$ 436,652</u>	<u>\$ 439,047</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>\$ (4,635)</u>	<u>\$ 193,508</u>
Adjustments		
Depreciation and amortization	150,095	151,500
(Gain) loss on sale of investments	(3,296)	(2)
Unrealized (gain) loss on investments	50,160	(8,662)
(Gain) loss on sale of assets	-	(375)
Changes in assets and liabilities		
(Increase) decrease in accounts and pledges receivable	(12,576)	91,175
(Increase) decrease in other current assets	12,157	(9,151)
Increase (decrease) in accounts payable	62,271	(20,045)
Increase (decrease) in accrued expenses	<u>(13,913)</u>	<u>(5,715)</u>
Total adjustments	<u>244,898</u>	<u>198,725</u>
Net cash provided by operating activities	<u>\$ 240,263</u>	<u>\$ 392,233</u>

See notes to financial statements.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 2018 and 2017, 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 \$200,666 and \$373,538 as of December 31, 2018 and 2017, respectively. Donor restricted funds included in cash were \$105,000 and \$112,295 as of December 31, 2018 and 2017, respectively.

Indirect public support - membership dues

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

Direct public support

Contributions are recognized as income when the pledge is received, for contributions where a pledge is not obtained revenue is recognized when the contribution is received.

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 recorded as an allowance for doubtful accounts for 2018 and 2017. Bad debt expense was \$8,457 and \$2,900 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017.

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.

Net assets with donor restrictions

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.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Net assets with donor restrictions (continued)

Donor restricted net assets for the YUSA Food Program, Miracle League Field, front lobby renovation, Kealey Youth Sports programs, programs for children with special needs, and for a pavilion at the YMCA and Mack Park totaled \$105,000 and \$112,295, for December 31, 2018 and 2017, respectively. The YMCA received an \$80,000 grant for construction of a pavilion. Any funds that are not used for that purpose are to be returned to the grantor.

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, 2018 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2015 through 2017 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 2018 and 2017 were \$28,588 and \$26,842, 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 July 1, 2019 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 2018 and 2017. In the normal course of business, YMCA may have deposits with these financial institutions in excess of federal insurance coverage. Deposits did not exceed FDIC limits as of December 31, 2018 and 2017.

3. **PLEDGES RECEIVABLE**

Pledge dollars recognized during 2018 and 2017 were \$371,228 and \$438,186, respectively. Pledges receivable were \$35,764 and \$26,989 as of December 31, 2018 and 2017, respectively.

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 Measurements Using</u>	
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>		
December 31, 2018			
Single premium deferred annuity	\$ 61,504	\$ -	\$61,504
Money market funds	18,366	18,366	-
Certificate of deposits	68,617	68,617	-
Marketable securities	314,522	314,522	-
Corporate bonds and notes	<u>171,572</u>	<u>171,572</u>	<u>-</u>
Total	<u>\$634,581</u>	<u>\$573,077</u>	<u>\$61,504</u>
December 31, 2017			
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>

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

4. INVESTMENTS (CONTINUED)

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

	<u>Single Premium Deferred Annuity</u>	<u>Total</u>
Beginning balance as of December 31, 2017	\$59,712	\$59,712
Total gains or losses (realized and unrealized included in changes in net assets available for benefits)	1,792	1,792
Purchases, sales, issuances, and settlements (net)	<u>-</u>	<u>-</u>
Ending balance as of December 31, 2018	<u>\$61,504</u>	<u>\$61,504</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>

5. LONG-TERM DEBT

The debt outstanding as of December 31 is as follows:

	<u>2018</u>	<u>2017</u>
Mortgage to a bank with 240 monthly installments of \$4,896, including interest at 4.99%. The loan matures in 2032.	\$565,305	\$595,582
Less portion due currently	<u>(26,737)</u>	<u>(28,927)</u>
Long-term debt	<u>\$538,568</u>	<u>\$566,655</u>

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

Aggregate maturities of debt for the years subsequent to December 31, 2018 are as follows:

2019	\$ 26,737
2020	28,102
2021	28,537
2022	31,045
2023	32,630
Thereafter	<u>418,254</u>
Total	<u>\$565,305</u>

YMCA OF INDIANA COUNTY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

6. 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>2018</u>	<u>2017</u>
Equipment	\$182,850	\$182,850
Less accumulated amortization	<u>(97,520)</u>	<u>(60,950)</u>
	<u>\$ 85,330</u>	<u>\$121,900</u>

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

Years ending December 31,

2019	\$39,772
2020	39,772
2021	<u>7,082</u>
	86,626
Less amount representing interest	<u>(663)</u>
Present value of net minimum lease payments	<u>\$85,963</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 2018 and 2017 were \$41,973 and \$40,437, respectively.

8. AVAILABLE RESOURCES AND LIQUIDITY

During the year, YMCA depends on cash flows from operations to cover costs. As of December 31, 2018, the following tables show the total financial assets held by YMCA and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end	
Cash and cash equivalent	\$ 436,652
Accounts receivable, net	13,646
Pledges receivable, net	35,764
Certificates of deposit	35,052
Investments	<u>634,581</u>
Total financial assets at year-end	<u>\$1,155,695</u>

Financial assets available to meet general expenditures over the next 12 months	
Cash and cash equivalent, less board designated	\$ 235,986
Accounts receivable, net	13,646
Pledges receivable, net	<u>35,764</u>
Total financial assets available	<u>\$ 285,396</u>