

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE**

FINANCIAL STATEMENTS

for the year ended December 31, 2011

WITH

INDEPENDENT AUDITORS' REPORT



**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE**

(an Oregon non-profit organization)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Young Men's Christian Association
of Columbia-Willamette
Portland, Oregon

We have audited the accompanying statement of financial position of The Young Men's Christian Association of Columbia-Willamette as of December 31, 2011 and the related statements of activities, functional expenses, and cash flows for the year 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 audit.

We conducted our audit 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Columbia-Willamette as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bashar & Johnson, P.C.

Beaverton, Oregon
May 7, 2012

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

STATEMENT OF FINANCIAL POSITION

December 31, 2011
(with comparative totals as of December 31, 2010)

ASSETS				Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Cash (Note 3)	\$ 532,787	\$ 5,259	\$ -	\$ 538,046	\$ 214,322
Investments (pledged: \$2,950,800) (Notes 4, 5 and 10)	3,483,487	629,130	356,000	4,468,617	6,092,298
Accounts receivable (Note 11)	316,032	-	-	316,032	327,797
Unconditional promises to give, net of allowance for uncollectible promises of \$49,972	35,754	-	-	35,754	39,440
Unconditional promises to give to a capital project, net of allowance for uncollectible promises of \$308,000 and discount of \$80,993 to net present value (Note 6)	119,007	349,500	-	468,507	152,575
Due from (to) net assets	(282,280)	282,280	-	-	-
Inventories	34,985	-	-	34,985	27,831
Prepaid expenses and deposits	96,734	-	-	96,734	95,307
Land, buildings and improvements, furniture and equipment, net (Notes 7, 10, 11, and 12)	9,733,606	-	-	9,733,606	10,466,398
Construction in progress (Notes 7, 10, 11 and 12)	277,292	-	-	277,292	38,324
Assets held in Charitable Remainder Trust (Note 8)	-	1,630,000	-	1,630,000	1,630,000
Bond issue costs, net (Note 9)	97,145	-	-	97,145	104,917
TOTAL ASSETS	\$ 14,444,549	\$ 2,896,169	\$ 356,000	\$ 17,696,718	\$ 19,189,209
LIABILITIES					
Bonds payable (Note 10)	\$ 2,595,000	\$ -	\$ -	\$ 2,595,000	\$ 2,745,000
Line of credit advance (Note 11)	733,984	-	-	733,984	713,351
Notes payable (Note 12)	227,783	-	-	227,783	257,530
Accounts payable	235,060	-	-	235,060	358,452
Accrued liabilities	856,504	-	-	856,504	1,100,949
Capital lease obligations (Note 16)	808,728	-	-	808,728	823,666
Due to custodial funds (Note 18)	49,227	-	-	49,227	44,567
Deferred revenues:					
Memberships	80,363	-	-	80,363	90,705
Camp and Winter Program Revenues	504,307	-	-	504,307	503,556
Liability under Charitable Remainder Trust (Note 8)	-	157,474	-	157,474	292,228
TOTAL LIABILITIES	6,090,956	157,474	-	6,248,430	6,930,004
Commitments and contingencies (Notes 16 and 17)	-	-	-	-	-
NET ASSETS					
Net assets - Unrestricted	8,353,593	-	-	8,353,593	9,352,869
Net assets - Temporarily restricted (Note 13)	-	2,738,695	-	2,738,695	2,550,336
Net assets - Permanently restricted (Note 14)	-	-	356,000	356,000	356,000
TOTAL NET ASSETS	8,353,593	2,738,695	356,000	11,448,288	12,259,205
TOTAL LIABILITIES AND NET ASSETS	\$ 14,444,549	\$ 2,896,169	\$ 356,000	\$ 17,696,718	\$ 19,189,209

The accompanying notes are an integral part of the financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE
STATEMENT OF ACTIVITIES
for the year ended December 31, 2011
(with comparative totals for the year ended December 31, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
Public support and revenue:					
Public support:					
General contributions	\$ 836,393	\$ 27,294	\$ -	\$ 863,687	\$ 825,126
Special Fundraising	50,279	-	-	50,279	63,072
Capital contributions	89,517	235,315	-	324,832	56,976
Change in value of split interest agreement (Note 8)	-	134,754	-	134,754	125,303
Total public support	976,189	397,363	-	1,373,552	1,070,477
Revenue:					
Government fees and grants	598,652	-	-	598,652	631,327
Membership dues	2,805,947	-	-	2,805,947	3,065,951
Program service fees	16,035,442	-	-	16,035,442	15,957,801
Sale of merchandise	93,443	-	-	93,443	81,258
Investment income (loss) (Note 4)	82,939	(69,179)	-	13,760	288,412
Facility rentals	554,479	-	-	554,479	554,015
Loss on sale of fixed assets	(101,959)	-	-	(101,959)	-
Miscellaneous revenues	107,360	-	-	107,360	215,004
Total revenue	20,176,303	(69,179)	-	20,107,124	20,793,768
Net assets released from restrictions (Note 13)	139,825	(139,825)	-	-	-
Total public support and revenue	21,292,317	188,359	-	21,480,676	21,864,245
Expenses:					
Program services:					
Year-round resident camping	1,365,779	-	-	1,365,779	1,373,122
Child care	11,909,825	-	-	11,909,825	11,895,301
Health and wellness	4,490,803	-	-	4,490,803	4,855,212
Teen development	636,309	-	-	636,309	530,614
Youth sports	994,137	-	-	994,137	1,079,326
Total program services	19,396,853	-	-	19,396,853	19,733,575
Supporting services:					
Management and general	2,469,876	-	-	2,469,876	2,459,835
Fund raising	424,864	-	-	424,864	265,250
Total supporting services	2,894,740	-	-	2,894,740	2,725,085
Total expenses	22,291,593	-	-	22,291,593	22,458,660
Change in net assets	(999,276)	188,359	-	(810,917)	(594,415)
Net assets, beginning of year	9,352,869	2,550,336	356,000	12,259,205	12,853,620
Net assets, end of year	\$ 8,353,593	\$ 2,738,695	\$ 356,000	\$ 11,448,288	\$ 12,259,205

The accompanying notes are an integral part of the financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2011
(with comparative totals for the year ended 2010)

	Program Services					Supporting Services			Totals		
	Year-round Resident camping	Child Care	Health and Wellness	Teen Development	Youth Sports	Total Programs Services	Management and General	Fund Raising	Total Supporting Services	2011	2010
Salaries	\$ 432,562	\$ 6,774,983	\$ 1,701,867	\$ 274,714	\$ 529,902	\$ 9,714,028	\$ 1,066,869	\$ 274,229	\$ 1,341,098	\$ 11,055,127	\$ 11,439,177
Employee benefits	43,618	785,555	149,725	20,932	39,236	1,039,066	141,599	37,188	178,787	1,217,852	1,126,320
Payroll taxes	52,393	721,433	184,979	31,871	58,729	1,049,405	102,119	32,004	134,123	1,183,528	1,124,654
Total salaries and related expenses	528,573	8,281,971	2,036,571	327,517	627,867	11,802,499	1,310,587	343,421	1,654,008	13,456,507	13,690,151
Professional fees and contracts	93,175	66,570	206,687	151,959	152,481	670,872	186,633	3,444	190,077	860,949	1,023,126
Supplies	227,101	937,732	174,186	69,945	91,852	1,500,817	35,366	6,767	42,133	1,542,950	1,628,386
Telephone	20,683	103,748	86,518	11,679	1,180	223,808	25,629	3,774	29,403	253,211	271,195
Postage and shipping	6,234	17,561	13,014	2,345	157	39,310	20,137	3,962	24,099	63,409	66,554
Occupancy	135,142	1,736,990	1,136,227	16,293	106,363	3,131,015	88,805	-	88,805	3,219,820	3,523,153
Repairs and maintenance	7,417	29,754	111,654	10,556	1,760	161,141	34,893	2,977	37,870	199,011	232,210
Printing and advertising	26,369	41,529	45,077	6,128	5,526	124,628	6,460	25,355	31,815	156,443	217,192
Transportation	59,366	169,497	13,226	13,635	1,999	257,722	21,830	16,050	37,880	295,602	286,063
Conferences, meetings, and trainings	9,996	24,598	9,220	15,355	884	60,052	17,087	8,596	25,683	85,735	104,232
Membership dues	10,620	142,107	52,525	4,009	4,069	213,330	8,645	1,884	10,529	223,859	140,474
Financing costs	23,465	142,999	78,994	212	-	245,670	144,479	72	144,551	390,222	348,485
Miscellaneous expenses	26,654	43,691	23,669	3,540	-	97,554	34,008	8,564	42,572	140,126	120,960
Total expenses before depreciation and amortization	1,174,795	11,738,746	3,987,568	633,172	994,137	18,528,418	1,934,560	424,864	2,359,424	20,887,842	21,652,181
Legal settlement (Note 21)							500,000		500,000	500,000	
Amortization of bond issue costs	-	-	7,772	-	-	7,772	-	-	-	7,772	7,772
Depreciation	190,984	171,079	495,463	3,137	-	860,663	35,316	-	35,316	895,979	798,707
Total expenses	\$ 1,365,779	\$ 11,909,825	\$ 4,490,803	\$ 636,309	\$ 994,137	\$ 19,396,853	\$ 2,469,876	\$ 424,864	\$ 2,894,740	\$ 22,291,593	\$ 22,458,660

The accompanying notes are an integral part of the financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE**

STATEMENT OF CASH FLOWS

for the year ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from members, donors, customers, grants, and programs	\$ 21,124,049
Cash paid to employees, suppliers, grants, and program recipients	(21,369,378)
Interest and dividends received	127,670
Interest paid	<u>(390,222)</u>
Net cash used by operating activities	<u>(507,881)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net decrease in investments	1,509,771
Additions to land, buildings and improvements, furniture and equipment, and construction in progress	<u>(425,404)</u>
Net cash provided by investing activities	<u>1,084,367</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of bonds payable	(150,000)
Payments on capital lease obligations	(93,648)
Repayments on notes payable	(29,747)
Line of credit advances - net	<u>20,633</u>
Net cash used by financing activities	<u>(252,762)</u>
Increase in cash	323,724
Cash, beginning of year	<u>214,322</u>
Cash, end of year	<u><u>\$ 538,046</u></u>

The accompanying notes are an
integral part of the financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE**

STATEMENT OF CASH FLOWS - Continued

for the year ended December 31, 2011

Change in net assets	\$ (810,917)
Adjustments to reconcile change in net assets	
to net cash provided (used) by operating activities:	
Depreciation expense	895,979
Amortization expense	7,772
Net unrealized investment losses	113,910
Loss on sale of fixed assets	101,959
Change in value	
charitable remainder trust	<u>(134,754)</u>
	173,949
Changes in assets, deferred charges, liabilities	
and deferred revenues:	
Decrease in accounts receivable	11,765
Decrease in unconditional promises to give	3,686
Increase in unconditional promises to	
give to a capital project	(315,932)
Increase in inventories	(7,154)
Increase in prepaid expenses and deposits	(1,427)
Decrease in accounts payable	(123,392)
Decrease in accrued liabilities	(244,445)
Increase in custodial fund	4,660
Increase (decrease) in deferred revenues:	
Memberships	(10,342)
Camp and winter program revenues	<u>751</u>
Net cash used by operating activities	\$ <u>(507,881)</u>

The accompanying notes are an
integral part of the financial statements

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS

1. **The Association and Summary of Significant Accounting Policies:**

The Young Men's Christian Association of Columbia-Willamette is incorporated under provisions of the Oregon Non-Profit Corporation Act. The Association is a member of the National Young Men's Christian Association. The purpose of the Association is to significantly improve and positively influence conditions which affect the quality of life for members, families and the community. Emphasis is placed on the whole person through programs and activities that develop physical, mental, spiritual and social well-being.

The following is a summary of the significant accounting policies of the Association:

Inventories

Inventories are stated at cost on a first-in, first-out basis.

Land, Buildings and Improvements, Furniture and Equipment

Land, buildings and improvements, furniture and equipment acquired by the Association are stated at cost. Donated assets are recorded at their fair market value on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations as incurred; expenditures for additions, improvements and replacements are capitalized.

Deferred Memberships

The Association collects membership fees in advance and recognizes revenues from these fees in the period to which they apply.

Deferred Camp and Program Expenses and Revenues

Substantially all winter camp activities occur subsequent to December 31. Accordingly, all revenues connected with winter and spring camps and winter programs are deferred until the new fiscal year beginning on January 1 in order to provide a consistent presentation of camp and program revenues and expenses.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

1. **The Association and Summary of Significant Accounting Policies, Continued:**

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are 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.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

The Association records contributions received as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Donated Assets and Services

Donated assets are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Association's program services and in its fund-raising campaigns.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

1. **The Association and Summary of Significant Accounting Policies, Continued:**

Income Taxes

Under current federal and state income tax regulations, the Association is exempt from income tax. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the Association's various programs and supporting services 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.

Estimates

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

Cash Flows

For purposes of the statement of cash flows, the Association considers cash and short-term investments with maturities of three months or less to be cash.

Date of Management's Review

Management has evaluated subsequent events through May 7, 2012, the date on which the financial statements are available to be issued.

Advertising

Advertising expense aggregated \$110,596 for the year ended December 31, 2011.

2. **Functional Services:**

Program Services

The following is a description of the functional services provided by the Association: The general program thrust of the Association is to put the Christian principles of love, respect, honesty, responsibility and service into practice through programs that build a healthy spirit, mind, and body for all. Financial assistance, including scholarships and reduced fees, is made available to program participants whenever possible.

Year-round Resident Camping programs are designed to provide safe, fun camp experiences with adult supervision in the outdoors. Activities utilize the resources of the natural surroundings to contribute to mental, physical, social, and spiritual growth.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

2. **Functional Services, Continued:**

Child Care programs and services strive to provide a nurturing atmosphere that stimulates learning, celebrates individuality, promotes self-esteem and encourages social interactions based upon our mission.

Our programs encourage children to make their own choices. At the YMCA we provide opportunities for each child to grow as a complete person – artistically, physically, socially, mentally and spiritually.

Health and Wellness programs are designed to develop and maintain the well-being of participants through life-long programs that promote a healthy lifestyle. Activities are provided to support mental, physical, and spiritual health. Participation in YMCA health and wellness programs offer opportunities for friendship and community, a sense of well-being, self-confidence and improved mental abilities and cognition.

Teen Development programs are designed to develop young people's skills in problem-solving, decision-making, personal and social responsibility, and leadership through supportive adult role models. Participants engage in activities that help them take personal responsibility for their actions.

Youth Sports programs provide activities that stress fair play and teamwork, increase a youth's physical abilities, and develop self-confidence, self-respect, and interpersonal relationships. Youth sports include recreational, semi-competitive and competitive options for kids of all ages.

Supporting Services

Management and General services provide the necessary developmental, organizational, and management support for the effective operation of programs.

Fund Raising services provide the necessary developmental, organizational, and management support for the effective use of volunteers and staff to ensure a successful public fund raising campaign.

3. **Cash:**

The Association utilizes a "revolving fund" checking account for unrestricted and some temporarily restricted net assets. The Association also maintains a separate bank account for funds given to capital projects. The following is a summary of cash balances by net assets as of December 31, 2011:

Unrestricted net assets	\$ 532,787
Temporarily restricted net assets	<u>5,259</u>
	<u>\$ 538,046</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investments:

Investments are stated at fair value and consist of U.S. Treasury notes, equity and debt securities. Fair values as of December 31, 2011 are summarized as follows:

	<u>Fair Values</u>
<u>Unrestricted:</u>	
General investments	\$ 368,975
General investments (pledged)(Note 10)	2,950,000
Held for bond repayments	46,814
Held for maintenance reserves	<u>117,698</u>
	<u>3,483,487</u>
<u>Temporarily Restricted:</u>	
Youth activities and summer camp programs	236,954
Scholarships and awards	180,904
Hebert Trust	<u>211,272</u>
	<u>629,130</u>
<u>Permanently Restricted:</u>	
Palmer fund	355,000
Tindolph fund	<u>1,000</u>
	<u>356,000</u>
Totals	<u>\$4,468,617</u>

Reported in the accompanying statement of financial position under the following captions:

Investments	<u>\$4,468,617</u>
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The aggregate fair value of investments by major types is as follows:

Bond redemption fund-cash	\$ 46,814
Money market funds	1,283,402
U.S. treasury notes	1,812,515
Corporate bonds	310,075
Mutual funds	206,676
Common stock	1,413
Accrued interest	12,131
Pooled investment funds maintained by:	
The Oregon Community Foundation	773,858
The Community Foundation	<u>21,733</u>
	<u>\$4,468,617</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

4. **Investments, Continued:**

The pooled investment fund assets are invested in debt and equity securities, and are carried at fair market value. Income earned by the pooled investment funds are distributed to the Association based on a reasonable rate of return as determined by the board of directors of the foundations. Additional distributions from the funds can be requested by the Association.

During the year ended December 31, 2011, investment income aggregated \$13,760 and consists of the following:

Interest and dividends	\$ 151,129
Net realized gains	3,400
Net unrealized losses	(113,910)
Fees and expenses	<u>(26,859)</u>
Total investment income	\$ <u>13,760</u>

5. **Fair Value Measurement:**

SFAS No. 157 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. SFAS No. 157 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Association's level 1 financial instruments consist of U.S. Treasury notes, corporate bonds, money market funds, mutual funds and common stock.

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rate. The Association does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Association's level 3 financial instruments include pooled investment funds.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

5. **Fair Value Measurement, Continued:**

A summary of financial assets measured at fair value is as follows:

Assets	Total at December 31, 2011	Quoted Price in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Cash	\$ <u>538,046</u>	\$ <u>538,046</u>	\$ -	\$ -
Cash – bond redemption	\$ 46,814	\$ 46,814	-	-
U.S. treasury notes	1,812,515	1,812,515	-	-
Corporate bonds	310,075	310,075	-	-
Money market funds	1,283,402	1,283,402	-	-
Mutual funds	206,676	206,676	-	-
Common stock	1,413	1,413	-	-
Accrued interest	12,131	12,131	-	-
Pooled investment funds	<u>795,591</u>	<u>-</u>	<u>-</u>	<u>795,591</u>
	<u>4,468,617</u>	<u>3,673,026</u>	<u>-</u>	<u>795,591</u>
Total assets at fair value	<u>\$5,006,663</u>	<u>\$4,211,072</u>	<u>\$ -</u>	<u>\$ 795,591</u>

The following table sets forth a summary of changes in fair value of the Level 3 assets for the year ended December 31, 2011:

	<u>Pooled Investment Funds</u>
Balance, beginning of year	\$855,311
Transfers in	4,720
Interest and dividends	11,380
Unrealized losses	(30,721)
Realized losses	(951)
Fees and expenses	(7,432)
Disbursements	<u>(36,716)</u>
Balance, end of year	<u>\$795,591</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

6. Capital Development Projects:

The Association has capital fund raising campaigns. Contributions to the projects are recorded as temporarily restricted until the funds are utilized for the donors' specific purpose.

CAMP COLLINS CAPITAL PROJECT:

In 2011 the Association realigned a general capital campaign began in 1999 to raise funds for improvements on its Camp Collins property located along the Sandy River, in Oregon, to focus on replacement of the camp's meeting lodge and expansion of its dining hall.

Management has established an allowance for uncollectible promises of \$300,000. Unconditional promises to give to the Camp Collins capital project are due as follows:

Due in one year	\$ 276,000
Due in two to five years	50,000
Due in six or more years	<u>300,000</u>
Total unconditional promises to give to capital projects	626,000
Less allowance for uncollectible promises	<u>(300,000)</u>
	<u>\$ 326,000</u>

CLARK COUNTY FAMILY YMCA CAPITAL PROJECT:

In 2011 the Association began a capital campaign to raise funds for expansion and improvements on its Clark County Family YMCA property located in Vancouver, Washington to add a swimming pool, an indoor running track, a teen center and additional exercise and meeting space to expand its capacity and services to the community.

The unconditional promises to give to the Clark County Family YMCA capital project due in subsequent years have been discounted \$80,993 to their present value based on their estimated future cash flow at a discount rate of 4%. Unconditional promises to give to the Clark County Family YMCA capital project are due as follows:

Due in one to five years	\$ 23,500
Due in six or more years	<u>200,000</u>
Total unconditional promises to give to capital projects	223,500
Less discount to net present value	<u>(80,993)</u>
	<u>\$ 142,507</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

7. **Land, Buildings and Improvements, Furniture and Equipment:**

Land, buildings and improvements, furniture and equipment consist of the following as of December 31, 2011

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 1,243,998	\$ -	\$ 1,243,998
Buildings and improvements	13,945,520	6,393,531	7,551,989
Furniture and equipment	<u>4,911,448</u>	<u>3,973,829</u>	<u>937,619</u>
	<u>\$20,100,966</u>	<u>\$10,367,360</u>	<u>\$ 9,733,606</u>
Construction in progress:			
Camp Collins project	\$ 80,443	\$ -	\$ 80,443
Sherwood project	5,145	-	5,145
ASO projects	51,879	-	51,879
Clark County project	<u>139,825</u>	<u>-</u>	<u>139,825</u>
	<u>\$ 277,292</u>	<u>\$ -</u>	<u>\$ 277,292</u>

Estimated service lives for depreciation purposes are as follows:

<u>Asset Category</u>	<u>Estimated Service Lives</u>
Buildings and improvements	20 - 40 Years
Furniture and equipment	3 - 7 Years

Depreciation expense aggregated \$895,979 for the year ended December 31, 2011.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

8. Assets Held in Charitable Remainder Trust:

During the year ended December 31, 2006 the Association received real properties with fair market values aggregating \$1,630,000, liability under trust (annuity interest) of \$751,207 and contribution under trust of \$878,793 from a donor under an irrevocable split interest agreement. This split interest agreement qualifies as a charitable remainder annuity trust within the meaning of section 664(d)(1) of the Internal Revenue Code. The Association is named as trustee of the trust. Per the terms of the trust agreement the trustee shall distribute annually to the benefit of the donor cash or other assets having an aggregate net fair market value equal to 9.302% of the initial net fair market value of all assets transferred to the trust, which amounts to a fixed annuity of \$151,623 per year due in monthly annuity payments of \$12,635. The Association uses the real properties in its operations and the \$151,623 payments per year are reflected as occupancy costs. Years of life expectancy of donor is estimated at 6.2 years. The trust shall terminate when the donor dies and all the remaining assets of the trust shall be distributed to the Association.

As of December 31, 2011 liability under charitable remainder trust (annuity interest) aggregated \$157,474. During the year ended December 31, 2011 change in value of split interest agreement aggregated \$134,754.

9. Bond Issue Costs:

Bond issue costs consist of the following as of December 31, 2011:

Issue costs:

1999 Washington Bonds - Clark County Project	\$ 159,318
Less accumulated amortization	<u>(62,173)</u>
	<u>\$ 97,145</u>

Amortization of bond issue costs is computed using the straight-line method over the maturity terms of the bonds.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

10. **Bonds Payable:**

YMCA WASHINGTON PROJECT 1999 SERIES BONDS

Bonds payable consist of the following as of December 31, 2011:

Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds (YMCA of Columbia - Willamette Project), Series 1999	<u>\$2,595,000</u>
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Future principal maturities and interest rates on the bonds payable consist of the following as of December 31, 2011:

<u>Due Date</u> August 1, 2024	<u>\$2,595,000</u>
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Interest on the bonds is payable monthly. Interest rate on the bonds is variable, adjusted weekly (.19% as of December 31, 2011). Per the terms of the bond agreement, interest will not exceed 10%.

The YMCA Washington Project 1999 Series Bonds were issued during the year ended June 30, 2000 to construct the Clark County Family YMCA Facility located in Vancouver, Washington. This debt was issued under the "Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds (YMCA of Columbia-Willamette Project), Series 1999".

In order to secure payment when due of principal and interest on the bonds, the Association has obtained an unconditional irrevocable direct pay letter of credit from a bank in the amount of \$2,626,993 (composed of \$2,595,000 principal and \$31,993 representing 45 days of interest on the bonds at 10%). As security for the unconditional irrevocable direct pay letter of credit the Association has pledged general investments aggregating \$2,950,000 (Note 4).

The Association entered into a reimbursement agreement granting the bank a security interest in all real and personal property, and intangibles at the Clark County Fitness Facility and bond cash accounts held by the trustee.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

10. Bonds Payable, Continued:

On August 12, 1999 the Association gave written notice to the trustee of the bonds, of its intent to optionally redeem the bonds. The following is the remaining scheduled redemption of bonds:

Remaining Scheduled Redemption Date	Remaining Amount of Scheduled Redemption
August payment date, 2012	\$ 155,000
August payment date, 2013	160,000
August payment date, 2014	165,000
August payment date, 2015	170,000
August payment date, 2016	180,000
August payment date, 2017	185,000
August payment date, 2018	190,000
August payment date, 2019	195,000
August payment date, 2020	205,000
August payment date, 2021	210,000
August payment date, 2022	215,000
August payment date, 2023	225,000
August payment date, 2024	340,000
	<u>\$2,595,000</u>

11. Line of Credit Advance:

The Association has a \$750,000 revolving line of credit agreement with a bank. Interest is payable monthly at the bank's prime rate plus .75% with a 5.0% floor rate, (5.0% as of December 31, 2011) (maturity date September 20, 2012). As of December 31, 2011, the Association had an outstanding balance of \$733,984 on the line.

Per the terms of the line of credit agreement, the Association has pledged certain real property, equipment, receivables, and intangibles of the Association as collateral for this line of credit.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

12. **Notes Payable:**

As of December 31, 2011 the Association had a \$227,783 note payable to a bank, due in monthly installments of \$2,812 including interest at 6.25%; with maturity of October 15, 2020. The note is collateralized by personal property of the Association's Monroe Child Development Center.

Future principal maturities on the notes payable are as follows: 2012: \$20,079; 2013: \$21,371; 2014: \$22,745; 2015: \$24,208; 2016: \$25,766; Thereafter: \$113,614.

13. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes and needs as of December 31, 2011:

Temporarily Restricted Endowment

Youth activities and summer camp programs \$ 236,954

Scholarships and memorials 180,904

Temporarily Restricted Endowment 417,858

Capital and Operations Items

Camp Collins and Clark Capital Projects 349,500

Charitable Remainder Annuity Trust 1,472,526

Hebert Trust 211,272

Other 287,539

\$2,738,695

Contributions that are 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. Temporarily restricted net assets released to unrestricted net assets for the year ended December 31, 2011, aggregated \$139,825.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

14. **Permanently Restricted Net Assets:**

Permanently restricted net assets consist of the following as of December 31, 2011:

Palmer - Endowment Fund	\$ 355,000
Tindolph - Endowment Fund	<u>1,000</u>
	<u>\$ 356,000</u>

These permanently restricted net assets are held in an endowment fund and are restricted as to principal; interest and dividends can be used for aiding needy and worthy youths in camping programs. The income from these net restricted assets is reported as temporarily restricted revenue in the statement of activities.

15. **Pension Plans:**

The Association participated in a defined contribution, individual account, money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible employees of the Association who qualify under the participation requirements. To be eligible under the plan, an employee must be at least twenty-one years old and worked for the Association for two years and a minimum of one thousand hours each year during the first two years of eligibility.

The YMCA Retirement Fund is operated as a church plan and is a not-for-profit, tax exempt, New York State Corporation (1922). Participation is available to all duly organized and reorganized Young Men's Christian Associations in the United States. As a defined contribution plan, the YMCA Retirement Fund has no unfunded benefit obligations.

In accordance with the agreement with the YMCA Retirement Fund, employer contributions are a percentage of the participating employee's salary, are paid by the Association, and are remitted to the YMCA Retirement Fund monthly. The Association contributions charged to retirement costs for the year ended December 31, 2011 aggregated \$530,040.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

16. Leases:

The Association is leasing real property and equipment under capital and non-cancelable operating leases. The following is a schedule of future minimum lease commitments under capital and operating leases as of December 31:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2012	\$ 139,905	\$1,336,434
2013	138,183	990,064
2014	138,182	832,104
2015	99,722	666,199
2016	49,852	622,141
Thereafter	<u>570,834</u>	<u>1,476,376</u>
Total minimum lease payments	1,136,678	<u>\$5,923,318</u>
Less amounts representing interest (5.25% to 11.66%)	<u>(327,950)</u>	
Present value of net minimum lease payments	<u>\$ 808,728</u>	

In addition to the minimum monthly lease payments under operating leases, the Association is required to pay a proportionate share of the lessor's operating expenses. Total rent expense under these operating lease agreements aggregated \$1,936,637 for the year ended December 31, 2011.

As of December 31, 2011 cost and accumulated amortization of property and equipment under capital leases aggregated \$1,028,434 and \$110,161, respectively.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

17. Sherwood YMCA Fitness Facility:

In August 1997 the City of Sherwood (the City) and the Association entered into an operating agreement to construct and operate a fitness facility. The fitness facility was constructed in Sherwood, Oregon and commenced operations in September 1998. The City paid all construction costs and maintains ownership of the facility.

Under the terms of the operating agreement, the Association operates the facility as an association branch and pays all operating expenses of the facility.

During the year ended December 31, 2011 the rent expense aggregated \$141,048.

In addition to the above rental payments, if the annual facility revenues cover operating expenses and any prior year deficits, for the second year of operation, the City shall receive as fees, the first \$50,000 in excess revenues. This amount shall increase \$10,000 per year to a maximum of \$100,000 per year for the City's first call on excess revenues.

If the annual facility revenues cover operating expenses and the City's fees described above, any additional revenue shall be divided 20% to the City and 80% to the Association. Any such fees retained by the Association will be directed to the exclusive use of facility maintenance and capital expenditure for the Sherwood facility.

Included in the operating expenses will be a management fee due to the Association. The management fee is to be the lower of 1) 15% of gross income (excluding grants and donations), or 2) the facility's share of the Association's overhead.

The Association at its option may terminate the above operating agreement if the cumulative operating deficit (for one or multiple years) exceeds \$100,000.

18. Custodial:

The Association oversees the receipt of money and payment of expenses related to the Oregon State Alliance of YMCA's public policy efforts.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

19. **Concentration of Credit Risk:**

Financial instruments which potentially subject the Association to significant concentrations of credit risk consist primarily of cash and debt and equity securities investments.

The Association restricts investments of cash and cash equivalents and debt and equity securities investments to financial institutions with high credit standing. These financial institutions have locations throughout the country. The Association's periodic evaluations of the relative credit standing of these financial institutions are considered in the Association's investment strategy.

Interest bearing cash deposits at a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Interest bearing cash deposits at one financial institution exceed the federally insured limit by approximately \$185,000 at December 31, 2011.

As of December 31, 2011 the Association also had debt and equity securities investments aggregating \$4,468,617 which are primarily not federally insured.

20. **Significant Noncash Investing and Financing Activities:**

During the year ended December 31, 2011 the Association purchased equipment costing \$78,710 by assuming a capital lease obligation.

21. **Litigation:**

The Association settled the following two lawsuits initiated in prior years:

Portland Sports Club, LLC v. The Young Men's Christian Association of Columbia-Willamette.

Tami Pardee, Michael Pardee and Joe Hollman v. The Young Men's Christian Association of Columbia-Willamette.

The Portland Sports Club, LLC claim was settled in the Association's favor. The Tami Pardee, Michael Pardee and Joe Hollman claim was settled at a mediated amount. According to management and the Association's legal counsel there are no additional pending or contingent claims or liabilities associated with these lawsuits.