

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

FINANCIAL STATEMENTS

for the year ended December 31, 2015

WITH

INDEPENDENT AUDITOR'S REPORT



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

(an Oregon non-profit organization)

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Young Men's Christian Association of Columbia-Willamette which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 The Young Men's Christian Association of Columbia-Willamette as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bashar & Johnson, P.C.

Beaverton, Oregon
May 17, 2016

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

STATEMENT OF FINANCIAL POSITION

December 31, 2015
(with comparative totals as of December 31, 2014)

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2015	2014
Cash (Note 3)	\$ 1,292,995	\$ -	\$ -	\$ 1,292,995	\$ 502,877
Cash (Restricted) (Notes 4 and 13)	-	-	-	-	\$ -
Investments (Notes 5 and 7)	913,199	745,420	356,000	2,014,619	2,069,383
Note receivable (Notes 6 and 13)	11,988,600	-	-	11,988,600	11,988,600
Accounts receivable (Note 11)	251,750	-	-	251,750	337,124
Unconditional promises to give, net of allowance for uncollectible promises of \$23,499	1,019	-	-	1,019	465
Unconditional promises to give to capital projects, net of allowance for uncollectible promises of \$22,446 and discount of \$60,381 to net present value (Notes 8, 12 and 13)	139,619	425,155	-	564,774	925,813
Due from (to) net assets	(425,859)	425,859	-	-	-
Inventories	28,007	-	-	28,007	31,467
Prepaid expenses and deposits	691,316	-	-	691,316	540,764
Land, buildings and improvements, furniture and equipment, net (Notes 9, 11, and 12)	7,939,926	-	-	7,939,926	4,368,043
Construction in progress (Notes 8, 11 and 12)	32,600	-	-	32,600	867,938
Assets held in Charitable Remainder Trust (Note 10)	-	-	-	-	1,630,000
NMTC capitalized costs (Notes 13 and 23)	51,189	-	-	51,189	63,986
TOTAL ASSETS	\$ 22,904,361	\$ 1,596,434	\$ 356,000	\$ 24,856,795	\$ 23,326,465
LIABILITIES					
Line of credit advance (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ -
Note payable (Notes 12 and 13)	2,791,244	-	-	2,791,244	2,719,657
Accounts payable	489,166	-	-	489,166	391,694
Accrued liabilities	1,679,268	-	-	1,679,268	1,321,303
Capital lease obligations (Note 17)	44,244	-	-	44,244	71,162
Due to custodial funds (Note 19)	64,990	-	-	64,990	63,005
Deferred revenues:					
Memberships	81,542	-	-	81,542	100,925
Camp and water program revenues	941,365	67,738	-	1,009,103	814,848
Deferred gas - Clark Community Center (Notes 13, 21 and 23)	1,230,128	-	-	1,230,128	1,260,708
Deferred development fees (Notes 4, 13 and 23)	1,914,500	-	-	1,914,500	1,614,500
TOTAL LIABILITIES	9,236,447	67,738	-	9,304,185	8,357,802
Commitments and contingencies (Notes 17 and 18)	-	-	-	-	-
NET ASSETS					
Net assets - Unrestricted	13,667,914	-	-	13,667,914	10,798,449
Net assets - Temporarily restricted (Note 14)	-	1,528,696	-	1,528,696	3,814,214
Net assets - Permanently restricted (Note 15)	-	-	356,000	356,000	356,000
TOTAL NET ASSETS	13,667,914	1,528,696	356,000	15,552,610	14,968,663
TOTAL LIABILITIES AND NET ASSETS	\$ 22,904,361	\$ 1,596,434	\$ 356,000	\$ 24,856,795	\$ 23,326,465

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, 2015
(with comparative totals for the year ended December 31, 2014)

	2015			2014		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Public support and revenue:						
Public support:						
General contributions	\$ 890,359	\$ -	\$ -	\$ 890,359	\$ -	\$ -
Special fundraising	375,347	-	-	375,347	-	-
Capital contributions	5,564	85,573	-	91,137	-	-
Total public support	1,271,270	85,573	-	1,356,843	-	-
Revenue:						
Government fees and grants	74,506	-	-	74,506	-	-
Membership dues	2,909,626	-	-	2,909,626	-	-
Program service fees	17,748,710	-	-	17,748,710	-	-
Sale of merchandise	95,605	-	-	95,605	-	-
Investment income (Note 5)	169,741	(22,575)	-	147,166	-	-
Facility rentals	780,465	-	-	780,465	-	-
Gain on sale of fixed assets	10,233	-	-	10,233	-	-
Amortization - deferred gain C.C.C.	30,581	-	-	30,581	-	-
Miscellaneous revenues	278,936	-	-	278,936	-	-
Total revenue	22,098,403	(22,575)	-	22,075,828	-	-
Net assets released from restrictions (Note 14)	2,348,516	(2,348,516)	-	-	-	-
Total public support and revenue	25,718,189	(2,285,518)	-	23,432,671	-	-
Expenses:						
Program services:						
Youth Development	15,510,804	-	-	15,510,804	-	-
Healthy Living	4,770,918	-	-	4,770,918	-	-
Social Responsibility	490,942	-	-	490,942	-	-
Total program services	20,772,664	-	-	20,772,664	-	-
Supporting services:						
Management and general	2,075,586	-	-	2,075,586	-	-
Total supporting services	2,075,586	-	-	2,075,586	-	-
Total expenses	22,848,250	-	-	22,848,250	-	-
Change in net assets	2,869,939	(2,285,518)	-	584,421	-	-
Net assets, beginning of year	10,798,449	3,814,214	356,000	14,968,663	-	-
Transfers (to) from YMCACW (Note 13)	(474)	-	(474)	-	-	-
Net assets, end of year	\$ 13,667,914	\$ 1,528,696	\$ 356,000	\$ 15,552,610	\$ -	\$ 14,968,663

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, 2015
(with comparative totals for the year ended 2014)

	Program Services				Supporting Services			Totals	
	Youth Development	Healthy Living	Social Responsibility	Total Programs Services	Management and General	Supporting Services	Total		
							2015	2014	
Salaries	\$ 8,706,182	\$ 1,969,770	\$ 202,671	\$ 10,878,623	\$ 988,729	\$ 988,729	\$ 11,867,352	\$ 11,424,043	
Employee benefits	770,176	154,435	23,596	948,207	135,831	135,831	1,084,038	1,143,420	
Payroll taxes	998,906	239,487	22,829	1,261,222	104,018	104,018	1,365,240	1,394,282	
Total salaries and related expenses	10,475,264	2,363,692	249,096	13,088,052	1,228,578	1,228,578	14,316,630	13,961,745	
Professional fees and contracts	392,671	222,211	3,420	618,302	224,489	224,489	842,791	891,641	
Supplies	1,149,667	224,157	186,268	1,560,092	20,304	20,304	1,580,396	1,401,054	
Telephone	142,456	99,342	2,184	243,982	28,848	28,848	272,830	273,186	
Postage and shipping	31,498	11,098	94	42,690	19,435	19,435	62,125	72,475	
Occupancy	1,950,360	1,122,625	-	3,072,985	273,096	273,096	3,346,081	3,410,813	
Repairs and maintenance	56,309	169,029	1,196	226,534	25,362	25,362	251,896	230,750	
Printing and advertising	84,011	81,643	23,540	189,194	5,769	5,769	194,963	216,334	
Transportation	250,686	63,898	14,615	329,199	24,130	24,130	353,329	383,803	
Conferences, meetings, and trainings	59,544	21,021	9,825	90,390	27,148	27,148	117,538	108,513	
Membership dues	215,686	75,824	55	291,565	5,055	5,055	296,620	279,056	
Financing costs	243,574	84,321	-	327,895	116,643	116,643	444,538	482,645	
Miscellaneous expenses	71,163	18,928	649	90,740	42,165	42,165	132,905	85,492	
Total expenses before depreciation and amortization	15,122,889	4,557,789	490,942	20,171,620	2,041,022	2,041,022	22,212,642	21,797,507	
Depreciation	387,915	213,129	-	601,044	21,767	21,767	622,811	605,808	
Amortization	-	-	-	-	12,797	12,797	12,797	12,798	
Total expenses	\$ 15,510,804	\$ 4,770,918	\$ 490,942	\$ 20,772,664	\$ 2,075,586	\$ 2,075,586	\$ 22,848,250	\$ 22,416,113	

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from members, donors, customers, grants, and programs	\$ 23,865,423
Cash paid to employees, suppliers, grants, and program recipients	(21,463,882)
Interest and dividends received	214,347
Interest paid	<u>(438,430)</u>
Net cash provided by operating activities	<u>2,177,458</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net decrease in restricted cash	5
Net increase in investments	(12,417)
Net proceeds from sale of assets	10,233
Additions to land, buildings and improvements, furniture and equipment, and construction in progress	<u>(1,729,356)</u>
Net cash used by investing activities	<u>(1,731,535)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Decrease in capital lease obligations	(26,918)
Increase in notes payable	2,900,000
Repayments on notes payable	(2,828,413)
Increase in deferred development fees	300,000
Transfers to YMCACW	<u>(474)</u>
Net cash provided by financing activities	<u>344,195</u>

Increase in cash 790,118

Cash, beginning of year 502,877

Cash, end of year \$ 1,292,995

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, 2015

Change in net assets	\$	584,421
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation expense		622,811
Amortization expense		12,797
Net unrealized investment losses		67,181
Gain on sale of fixed assets		(10,233)
Amortization - deferred gain C.C.C.		(30,580)
		1,246,397
Changes in assets, deferred charges, liabilities		
and deferred revenues:		
Decrease in accounts receivable		85,374
Increase in unconditional promises to give		(554)
Decrease in unconditional promises to		
give to a capital project		361,039
Decrease in inventories		3,460
Increase in prepaid expenses and deposits		(150,552)
Increase in accounts payable		97,472
Increase in accrued liabilities		357,965
Increase in custodial fund		1,985
Increase (decrease) in deferred revenues:		
Memberships		(19,383)
Camp and winter program revenues		194,255
		2,177,458
Net cash provided by operating activities	\$	<u>2,177,458</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.

Income Taxes and Uncertain Tax Positions

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, as such, is not subject to income taxes on net income from exempt activities. Accordingly, no provision for federal and state income taxes is included in the accompanying financial statements.

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 and Uncertain Tax Positions, continued

The Association is not aware of any uncertain tax positions. If there were any uncertain tax positions, the Association would account for them using the provisions of ASC 740. The tax years subject to audit are 2013, 2014 and 2015.

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 17, 2016 the date on which the financial statements are available to be issued.

Advertising

Advertising expense aggregated \$168,548 for the year ended December 31, 2015.

Reclassifications

Certain amounts in the 2014 comparative totals of the accompanying financial statements have been reclassified to conform to 2015 presentation. The 2014 reclassifications had no effect on previously reported net assets of the Association.

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.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

2. **Functional Services, Continued:**

For Youth Development

Because the Association believes that all kids deserve the opportunity to discover who they are and what they can achieve, it focuses existing programs for children and teens to more clearly cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement.

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 the Association's mission.

Programs encourage children to make their own choices. The Association provides opportunities for each child to grow as a complete person – artistically, physically, socially, mentally and spiritually.

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. All youth activities incorporate the Y's core values of love, respect, honesty, responsibility and service.

YMCA Camp Collins provides an excellent range of adventure programming, exceptional facilities, outstanding service and abundant opportunities for outdoor exploration. It allows children and teens the opportunity to explore a rich wonderland of creative learning experiences, form new friendships and create life-long memories in a values-based environment.

For Healthy Living

Because the Association believes it has a responsibility to make a positive and measurable impact on the community's health, it directly leverages a mission, centered on the balance of spirit, mind, and body to strengthen and expand program offerings that bring families closer together, encourage healthy lifestyles, and foster connections with others.

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 the Association's health and wellness programs offer opportunities for friendship and community, a sense of well-being, self-confidence and improved mental abilities and cognition.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

2. **Functional Services, Continued:**

For Social Responsibility

Because the Association believes in fostering the care and respect of all people in need, it thoughtfully listens and aggressively responds to communities' most critical social needs.

Open to All: The Association welcomes individuals from all incomes, ages, and abilities. The YMCA serves tens of thousands of people in diverse communities within the Columbia-Willamette area. The Association brings together young and old, men and women, people of all faiths, backgrounds and incomes. Last year the Association provided \$1.6 million in scholarships, underwritten or sponsored programs and services for children, youth and families.

Supporting Services

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

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, 2015:

Unrestricted net assets	\$1,292,995
Temporarily restricted net assets	<u> -</u>
	<u>\$1,292,995</u>

4. **Cash (Restricted):**

The restricted cash account use was limited to developer fees to manage the Vancouver Clark Fitness Facility expansion project.

During the year ended December 31, 2014 the project was completed. Minimal amounts in the account were transferred out during 2015.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

5. **Investments:**

Investments are stated at fair value and consist of U.S. Treasury notes, equity and debt securities. Fair values as of December 31, 2015 are summarized as follows:

	<u>Fair Values</u>
<u>Unrestricted:</u>	
General investments	\$ <u>913,199</u>
<u>Temporarily Restricted:</u>	
Youth activities and summer camp programs	275,903
Scholarships and awards	191,747
Hebert Trust	<u>277,770</u>
	<u>745,420</u>
<u>Permanently Restricted:</u>	
Palmer fund	355,000
Tindolph fund	<u>1,000</u>
	<u>356,000</u>
Totals	<u>\$2,014,619</u>

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

Investments	<u>\$2,014,619</u>
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The aggregate fair value of investments by major types is as follows:

Money market funds	\$ 16,673
U.S. treasury notes	418,090
Corporate bonds	448,472
Foreign issues	24,760
Mutual funds	276,496
Accrued interest	6,478
Pooled investment funds maintained by:	
The Oregon Community Foundation	<u>823,650</u>
	<u>\$2,014,619</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

5. 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, 2015, investment income aggregated \$147,166 and consists of the following:

Interest and dividends	\$ 231,255
Net realized loss	(2,816)
Net unrealized loss	(67,181)
Fees and expenses	<u>(14,092)</u>
Total investment income	<u>\$ 147,166</u>

6. Note Receivable:

Note receivable from YMCACW INVESTMENT FUND, LLC. The note was issued December 26, 2012 pursuant to the terms of a "Fund Loan Agreement". As collateral for the loan the Association has a security membership interest in two investment funds owned by YMCACW INVESTMENT FUND, LLC. The two funds include 1)NCIF New Markets Capital Fund X CDE, LLC (collateralized by 99.99% membership interest) and 2)Wells Fargo Community Development Enterprise Round 9 Subsidiary 1, LLC (collateralized by 100% membership interest). Interest only payments at 1.3978% per annum on the note are due quarterly in arrears. In addition a onetime principal payment of \$1,107,999 is due December 31, 2019. The note matures October 1, 2042.

\$11,988,600

Future principal collections on the note receivable as of December 31, 2015 are as follows:

Years	Amount
2016 - 2018	\$ -
2019	1,107,999
2020	400,111
2021	409,646
2022	415,402
2023	421,239
Subsequent years	<u>9,234,203</u>
	<u>\$11,988,600</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

7. **Fair Value Measurement:**

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 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. FASB ASC 820 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.

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

Assets	Total at <u>December 31, 2015</u>	Quoted Price in Active Market <u>(Level 1)</u>	Significant Observable Inputs <u>(Level 2)</u>	Significant Unobservable Input <u>(Level 3)</u>
U.S. treasury notes	\$ 418,090	\$ 418,090	\$ -	\$ -
Corporate bonds	448,472	448,472	-	-
Foreign issues	24,760	24,760	-	-
Money market funds	16,673	16,673	-	-
Mutual funds	276,496	276,496	-	-
Accrued interest	6,478	6,478	-	-
Pooled investment funds	<u>823,650</u>	<u>-</u>	<u>-</u>	<u>823,650</u>
Total assets at fair value	<u>\$2,014,619</u>	<u>\$1,190,969</u>	<u>\$ -</u>	<u>\$ 823,650</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

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

The following table sets forth a summary of changes in fair value of the Level 3 assets for the year ended December 31, 2015:

	<u>Pooled Investment Funds</u>
Balance, beginning of year	\$873,566
Interest and dividends	11,196
Unrealized losses	(18,985)
Realized gains	2,980
Fees and expenses	(7,272)
Disbursements	<u>(37,835)</u>
Balance, end of year	<u>\$823,650</u>

8. **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 begun 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.

Unconditional promises to give to the Camp Collins capital project are due as follows:

Due in one year	\$ 39,500
Due in two to five years	<u>355,730</u>
Total unconditional promises to give to capital projects	<u>\$ 395,230</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 project was completed during the year ended December 31, 2014.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

8. Capital Development Projects, Continued:

The unconditional promises to give to the Clark County Family YMCA capital project due in subsequent years have been discounted \$60,381 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 year	\$ 26,215
Due in two to five years	26,156
Due in six or more years	<u>200,000</u>
Total unconditional promises to give to capital projects	252,371
Less allowance for uncollectible promises	(22,446)
Less discount to net present value	<u>(60,381)</u>
Balance December 31, 2015 (pledged) (see Note 12)	\$ <u>169,544</u>

9. Land, Buildings and Improvements, Furniture and Equipment:

Land, buildings and improvements, furniture and equipment consist of the following as of December 31, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 459,979	\$ -	\$ 459,979
Buildings and improvements	12,753,961	5,641,928	7,112,033
Furniture and equipment	<u>4,934,160</u>	<u>4,566,246</u>	<u>367,914</u>
	<u>\$18,148,100</u>	<u>\$10,208,174</u>	<u>\$ 7,939,926</u>
Construction in progress	<u>\$ 32,600</u>	<u>\$ -</u>	<u>\$ 32,600</u>

Buildings and improvements include \$1,630,000 held in a charitable remainder trust in 2014 (see Note 10).

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 \$622,811 for the year ended December 31, 2015.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

10. 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. The trust shall terminate when the donor dies, and all the remaining assets of the trust shall be distributed to the Association.

In 2015 the donor of the charitable remainder trust died. Title to the assets aggregating \$1,630,000 held in the donor's charitable remainder trust were transferred to the Association in 2015.

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 (3.5% as of December 31, 2015) (maturity date May 1, 2017). As of December 31, 2015, the Association had no outstanding balance 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.

12. Note Payable:

Note Payable to bank, due in monthly installments of \$12,084, at the bank's one month LIBOR rate plus 2.75% (2.99375% as of December 31, 2015); collateralized by real property at 2992 SE Monroe St., 3001 SE Oxbow Parkway, accounts receivable, general intangibles, inventory and equipment; maturity April 1, 2022. 50% of the principal is covered by a fixed rate swap.

\$2,791,244

Future principal maturities on the note as of December 31, 2015 are as follows:

2016	\$ 62,295
2017	64,186
2018	66,134
2019	68,142
2020	70,210
Thereafter	<u>2,460,277</u>
Totals	<u>\$ 2,791,244</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

12. **Note Payable, Continued:**

Interest Rate Swap Agreement

The Association entered into an interest rate swap agreement on April 1, 2015 with Wells Fargo Bank. The interest rate swap agreement is designated as a cash flow hedge. The agreement tied at least 50% of the Note Payable to a fixed rate of 4.73%. When market swap rates are below the contractual swap rate, the fixed rate payer (YMCA of Columbia-Willamette) has a negative mark-to-market and when the market swap rates are above the contractual swap rate, the fixed rate payer has a positive mark-to-market. The agreement is effective until April 1, 2022. As of December 31, 2015, there was no negative mark-to-market.

13. **YMCACW CLARK COMMUNITY CENTER (a Related Entity):**

During the year ended December 31, 2012 the Association formed, YMCACW Clark Community Center "YMCACW". The purpose of YMCACW is to serve as IRS Code Section 509(a)(3) supporting organization for the Young Men's Christian Association of Columbia-Willamette. The YMCACW is participating in a New Markets Tax Credits (NMTC) transaction in accordance with IRS Code Section 45D to facilitate financing for the expansion and construction of additional facilities for an existing YMCA family and community center located in Vancouver, Washington. In order to fund the facility expansion utilizing a new leveraged loan including NMTC, the Association redeemed bonds payable aggregating \$2,595,000 on the existing building in 2012 and then sold the land and building to YMCACW.

During the year ended December 31, 2014 YMCACW completed the project.

The following is a summary of financial information of YMCACW:

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2015

ASSETS

Cash	\$ 225,736
Cash held for NMTC fees	143,500
Land	1,359,405
Land improvements	14,171
Buildings	4,640,041
Buildings-expansion	<u>10,510,731</u>
	16,524,348
Less accumulated depreciation	<u>(738,843)</u>
	<u>15,785,505</u>
Total assets	<u>\$16,154,741</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

13. YMCACW CLARK COMMUNITY CENTER (a Related Entity) Continued:

LIABILITIES

Accounts payable	\$ 56,900
Notes payable	<u>16,760,000</u>
Total liabilities	<u>16,816,900</u>

NET ASSETS (DEFICIT)

Net assets (deficit)	<u>(662,159)</u>
Total liabilities and net assets (deficit)	<u>\$16,154,741</u>

The Association has guaranteed significantly all obligations and commitments of YMCACW.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

Revenues – rental income	\$ 171,020
Expenses	
NCIF asset management and professional fees	45,000
Depreciation expense	378,499
Miscellaneous expense and bank service fees	1,615
Interest expense	<u>167,600</u>
	<u>592,714</u>
Change in net assets	(421,694)
Net assets (deficit), beginning of year	(240,939)
Net assets transferred from YMCA	<u>474</u>
Net assets (deficit), end of year	<u>\$ (662,159)</u>

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

14. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes and needs as of December 31, 2015:

<u>Temporarily Restricted Endowment</u>	
Youth activities and summer camp programs	\$ 275,903
Scholarships and memorials	<u>191,747</u>
Temporarily Restricted Endowment	467,650
<u>Capital and Operations Items</u>	
Camp Collins and Clark Capital Projects	425,155
Hebert Trust	277,770
Other	<u>358,121</u>
	<u>\$1,528,696</u>

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, 2015, aggregated \$2,348,516.

15. Permanently Restricted Net Assets:

Permanently restricted net assets consist of the following as of December 31, 2015:

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.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

16. 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, 2015 aggregated \$508,967.

17. 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>	<u>Operating Lease YMCACW Clark Community Center</u>	<u>Total Operating Leases</u>
2016	\$ 44,556	\$1,209,024	\$ 171,020	\$ 1,424,600
2017	-	947,382	171,020	1,118,402
2018	-	742,110	171,020	913,130
2019	-	751,701	171,020	922,721
2020	-	554,675	877,309	1,431,984
Thereafter	-	<u>654,810</u>	<u>19,300,890</u>	<u>19,955,700</u>
Total minimum Payment	44,556	<u>\$4,859,702</u>	<u>\$20,862,279</u>	<u>\$25,766,537</u>
Less amounts representing interest (5.25%)	<u>(312)</u>			
Present value of net minimum lease payments	<u>\$ 44,244</u>			

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

17. Leases, Continued:

In addition to the minimum monthly lease payments under other 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 \$1,860,236 for the year ended December 31, 2015.

On December 26, 2012 the Association entered into a sale, leaseback arrangement with YMCACW Clark Community Center (a related nonprofit entity) (see Note 15). The sale leaseback transaction was part of the construction and finance of the YMCA Clark County Fitness Facility utilizing New Markets Tax Credits "NMTC". Under the terms of the lease agreement (a triple net lease) the Association is responsible for all operating expenses including insurance, repairs, maintenance, and taxes. The lease is effective April 1, 2014 and expires October 1, 2042.

As of December 31, 2015 cost and accumulated amortization of property and equipment under capital leases aggregated \$418,577 and \$358,124, respectively.

18. 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, 2015 the rent expense aggregated \$140,076.

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.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

19. **Custodial:**

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

20. **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 \$765,000 at December 31, 2015.

As of December 31, 2015 the Association also had debt and equity securities investments aggregating \$2,014,619 which are primarily not federally insured.

21. **Deferred Gain – Clark Community Center:**

During the year ended December 31, 2012, the Association sold the Vancouver Clark Community Center to YMCACW for \$6,022,219. Unamortized deferred gain on the sale as of December 31, 2015 aggregated \$1,230,128.

22. **Litigation:**

The Association is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on the Association's financial position.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF COLUMBIA-WILLAMETTE

NOTES TO FINANCIAL STATEMENTS, Continued

23. **Related Party Transactions:**

During the year ended December 31, 2015, the Association had the following related party transactions with YMCACW a 509(a)(3) nonprofit organization:

Included in Statement of Financial Position as of December 31, 2015

YMCACW related NMTC transaction accounts

NMTC capitalized costs	\$ <u>51,189</u>
Deferred gain Clark Community Center	\$ <u>1,230,128</u>
Deferred development fees	\$ <u>1,914,500</u>

Included in Statement of Activities for the year ended December 31, 2015

Amortization – deferred gain CCC	\$ <u>30,580</u>
Rental expense	\$ <u>171,020</u>
Net assets transferred from (to) YMCACW	\$ <u>(474)</u>