

**YOUNG MEN'S CHRISTIAN  
ASSOCIATION OF THE  
PALM BEACHES, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2010 AND 2009**



**TEDAMONSON & PERRY**  
CERTIFIED PUBLIC ACCOUNTANTS  
WEST PALM BEACH, FLORIDA

# TEDAMONSON & PERRY

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## Independent Auditor's Report

To the Board of Directors of  
Young Men's Christian Association  
of the Palm Beaches, Inc.

We have audited the accompanying statements of financial position of Young Men's Christian Association of the Palm Beaches, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. In addition, we conducted our audit of the 2009 financial statements in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

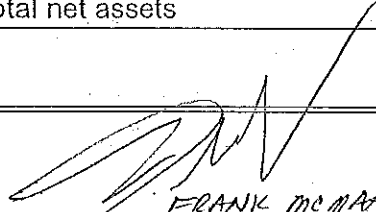
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of the Palm Beaches, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Tedamonsn & Perry*

November 3, 2011

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31, 2010	December 31, 2009
<b>ASSETS</b>		
Cash	\$ 92,331	\$ 145,961
Grants receivable	42,710	-
Accounts receivable	22,400	31,154
Unconditional promises to give, net	10,686	10,686
Prepaid expenses	29,952	49,435
Beneficial interest in charitable remainder unitrust	87,109	81,441
Cash restricted to purchase property and equipment	63,766	313,766
Property and equipment, net	1,759,825	1,765,877
Cash restricted for permanent endowment	82,200	82,200
Other assets	116,450	110,478
<b>Total</b>	<b>\$ 2,307,429</b>	<b>\$ 2,590,998</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 18,619	\$ 9,241
Accrued payroll and other accruals	78,631	88,829
Capital lease obligations	6,285	9,152
Demand note payable	135,836	135,688
Mortgage note payable	61,315	69,051
<b>Total liabilities</b>	<b>300,686</b>	<b>311,961</b>
<b>NET ASSETS</b>		
Unrestricted	1,756,168	1,791,630
Temporarily restricted	168,375	405,207
Permanently restricted	82,200	82,200
<b>Total net assets</b>	<b>2,006,743</b>	<b>2,279,037</b>
<b>Total</b>	<b>\$ 2,307,429</b>	<b>\$ 2,590,998</b>

  
**FRANK McMARTIN**  
 TREASURER, Y.M.C.A. OF THE PALM BEACHES  
 The accompanying notes are an integral part of the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2010

	Program Services					Supporting Services			Total Expenses
	Fitness	Aquatics	Sports and Recreation	Camp	Family Life	Total	Management and General	Fund Raising	
Salaries and payroll taxes	\$ 187,407	\$ 153,112	\$ 14,672	\$ 287,492	\$ 219,055	\$ 861,738	\$ 90,739	\$ 72,682	\$ 1,025,159
Fringe benefits	14,310	7,122	1,494	29,018	22,206	74,150	19,845	10,464	104,459
Total salaries and related expenses	201,717	160,234	16,166	316,510	241,261	935,888	110,584	83,146	1,129,618
Advertising and printing	6,349	5,173	1,068	28,283	7,961	48,834	300	5,845	54,979
Contract services	296	241	12,019	14,787	2,764	30,107	7,289	-	37,396
Depreciation	23,612	19,240	3,973	54,772	29,607	131,204	40,283	-	171,487
Food and beverage	-	-	-	37,298	4,864	42,162	-	-	42,162
Insurance	14,251	11,613	2,398	54,651	17,870	100,783	13,923	-	114,706
Interest	4,615	3,761	777	2,110	5,787	17,050	-	-	17,050
Maintenance and repair material	29,277	23,856	4,926	53,465	36,711	148,235	20,831	-	169,066
Miscellaneous	-	-	-	-	-	-	1,461	-	1,461
National field support	3,529	4,118	1,985	10,949	7,383	27,964	15	-	27,979
Office expense	5,882	4,696	970	16,237	7,639	35,424	2,821	-	38,245
Other supplies	5,352	4,361	901	4,702	6,711	22,027	4,661	-	26,688
Professional fees	3,032	2,470	510	12,386	3,802	22,200	60,393	-	82,593
Program supplies	2,638	5,142	4,881	47,134	4,376	64,171	-	2,655	66,826
Telephone	4,664	3,800	785	14,928	5,848	30,025	2,075	-	32,100
Travel and conferences	1,149	936	193	8,559	1,576	12,413	11,428	-	23,841
Utilities	11,899	9,696	2,002	49,917	14,920	88,434	11,624	-	100,058
Vehicles expense	2,745	2,237	462	17,957	3,443	26,844	2,682	-	29,526
<b>Total</b>	<b>\$ 321,007</b>	<b>\$ 261,574</b>	<b>\$ 54,016</b>	<b>\$ 744,645</b>	<b>\$ 402,523</b>	<b>\$ 1,783,765</b>	<b>\$ 290,370</b>	<b>\$ 91,646</b>	<b>\$ 2,165,781</b>

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

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.**  
**STATEMENTS OF CASH FLOWS**

	Year Ended December 31, 2010	Year Ended December 31, 2009
Cash flows from operating activities		
(Decrease) in net assets	\$ (272,294)	\$ (285,687)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	171,487	181,144
Loss on disposition of equipment	1,600	13,180
Allowance for doubtful promise to give	-	15,000
In-kind contributions	-	(56,307)
Changes in operating assets and liabilities:		
Certificates of deposit	-	254,245
Receivables	(33,956)	(23,875)
Unconditional promises to give	-	112,833
Prepaid expenses	19,483	(2,821)
Beneficial interest	(5,668)	(81,441)
Other assets	(5,972)	(4,376)
Accounts payable	9,378	2,946
Accrued payroll and other accruals	(10,198)	(10,556)
Net cash provided (used) by operating activities	(126,140)	114,285
Cash flows from investing activities		
Release of cash restricted for property and equipment	250,000	-
Payments for property and equipment	(167,035)	(60,983)
Net cash provided (used) by investing activities	82,965	(60,983)
Cash flows from financing activities		
Principal payments on capital lease obligations	(2,867)	(2,617)
Principal payments on notes payable	(7,588)	(18,175)
Net cash (used) by financing activities	(10,455)	(20,792)
Net increase (decrease) in cash	(53,630)	32,510
Cash at beginning of year	145,961	113,451
Cash at end of year	\$ 92,331	\$ 145,961

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

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF THE PALM BEACHES, INC.**  
Notes to Financial Statements

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**Note 1 - Nature of the Organization's Activities**

The Young Men's Christian Association of the Palm Beaches, Inc. (Association) is a Florida not-for-profit entity, which was incorporated on December 30, 1946. The Association was organized to promote the spiritual, mental, social and physical welfare of all people, especially for residents of Palm Beach County, Florida. The Association also operates a resident camp in Alachua County, Florida that is open to youth from all over the country. The Association is a member of the YMCA of the USA, a world-wide not-for-profit organization. Each member YMCA is autonomous.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The Association is required to report 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.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Donated Property and Equipment**

Donations of property and equipment are reported as contributions at their estimated fair value at date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Donated Services**

No amounts have been reflected in the financial statements for donated services because they do not meet the criteria for recognition. The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, campaign solicitations, and various committee assignments.

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF THE PALM BEACHES, INC.**  
Notes to Financial Statements

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**Restricted and Unrestricted Revenue and Support**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statements of Activities as net assets released from restrictions.

**Advertising**

The Association uses advertising to promote its programs. Production costs are expensed as incurred. Advertising was \$7,870 and \$16,581, for years ending December 31, 2010 and 2009, respectively, and is included in advertising and printing in the accompanying Statements of Functional Expenses.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Note 3 - Description of Program Services**

**Fitness** – Provides aerobic instruction, rehabilitative programs, and a fitness facility for its members and guests. The fitness facility includes weight training, aerobic machines and racquetball courts.

**Aquatics** – Provides swim lessons for individuals from infants to senior citizens, specialized swim instruction for disabled individuals, team sports, aquatic safety, and lap swimming.

**Sports and Recreation** – Provides recreation groups and youth sports with basic instruction in team sports such as tee-ball, soccer, football and basketball. Individualized instruction in taekwondo and yoga are also provided. Provides a skate park for safe skating for youth and adults.

**Camp** – Provides day camp and resident camping facilities and activities. Day camp is provided for school aged children during the summer, and winter and spring holidays. A branch camp in North Florida provides resident camping. Activities include an extensive use of its facilities from horseback riding to nature trail hiking.

**Family Life** – Provides a source of childcare, preschool and after-school care for children.

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF THE PALM BEACHES, INC.**  
Notes to Financial Statements

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**Note 7 - Capital Lease Obligation**

In 2007, the Association leased office equipment under a capital lease. The economic substance of the lease is that the Association is financing the acquisition of this asset through the lease, and accordingly, it is recorded in the Association's assets and liabilities.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2010:

Year Ending December 31:		
2011	\$	3,588
2012		3,289
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Total minimum lease payments		6,877
Less amount representing interest		(562)
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Present value of minimum lease payments	\$	6,285

**Note 8 – Demand Note Payable**

In April 2005, the Association entered into a loan agreement to borrow up to \$300,000, payable upon demand. If no demand is made, the entire principal and any accrued interest is due April 13, 2011. Interest is payable monthly at an initial interest rate of 6.75%. The interest rate changes from time to time based on the prime rate as published in the Wall Street Journal. The interest rate is 1% over the index. At December 31, 2010, the interest rate was 4.25% and the Association's business assets were pledged as collateral.

**Note 9 – Mortgage Note Payable**

In April 2005, the Association entered into a loan agreement to borrow up to \$250,000 with the following terms: first six monthly interest payments on the unpaid balance with interest calculated at a rate of 6.125%; 54 monthly principal and interest payments in the initial amount of \$1,846 beginning November 13, 2005, with interest calculated at 6.175%; and 179 monthly principal and interest payments in the adjusted amount of \$539, beginning May 13, 2010, with interest calculated on the unpaid principal balance at a rate based on the weekly average yield of U.S. Treasury Securities as adjusted. At December 31, 2010, the interest rate was 6.125%.

The Association's operating facilities in West Palm Beach have been pledged as collateral. In addition, there has been an assignment of rents and a security interest in rents and personal property to secure payment of the indebtedness. Maximum future advances under the mortgage may increase or decrease from time to time, but shall never exceed \$1,100,000.

The scheduled maturities are as follows:

2011	\$	2,800
2012		2,976

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Notes to Financial Statements

of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association and (7) the investment policies of the Association.

The balance of the endowment fund at the beginning and end of each period was \$82,200. Investment income of approximately \$719 and \$2,009 was recognized for the years ended December 31, 2010 and 2009 and was utilized for operating purposes.

**Note 12 - Assistance from Governmental Agencies**

The following is assistance from governmental agencies during the years ended:

	December 31, 2010	December 31, 2009
<b>Federal financial assistance</b>		
Department of Health and Human Services Public Health Service – II through Florida Department of Health Child Care Food Program	\$ -	\$ 16,062
<b>Local financial assistance</b>		
Palm Beach County, Florida, through Parks & Recreation Department	\$ 143,798	\$ -
<b>Total</b>	<b>\$ 143,798</b>	<b>\$ 16,062</b>

The amounts above represent grant cost reimbursements.

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Association for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**Note 13 - Retirement Plan**

Clerical and professional staff members who meet specified requirements participate in a defined contribution retirement plan organized by the YMCA Retirement Fund. Contributions totaling \$77,281 and \$70,984 for 2010 and 2009, respectively, are included in fringe benefits in the Statements of Functional Expenses. Such contributions were made to the plan based on 12% of the participating employee's salary for 2010 and 2009.

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
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Notes to Financial Statements

December 31, 2010		
	Fair Value	Level 3
<b>Beneficial interest in charitable remainder unitrust</b>	<b>\$ 87,109</b>	<b>\$ 87,109</b>

December 31, 2009		
	Fair Value	Level 3
<b>Beneficial interest in charitable remainder unitrust</b>	<b>\$ 81,441</b>	<b>\$ 81,441</b>

The following table provides a summary of changes in fair value of the Association's Level 3 financial asset for the years ended:

	December 31, 2010	December 31, 2009
Beginning balance	\$ 81,441	\$ -
Received beneficial interest in charitable remainder unitrust	-	81,441
Change in value of beneficial interest in charitable remainder unitrust	5,668	-
<b>Ending balance</b>	<b>\$ 87,109</b>	<b>\$ 81,441</b>

**Note 16 - Contingencies**

**Litigation**

The Association is a defendant in several lawsuits. The cases are in various stages; management is of the opinion that the amount of damages, if any, would not exceed the Association's insurance coverage.

**Note 17 - Subsequent Events**

Subsequent events were evaluated through November 3, 2011, which is the date the financial statements were available to be issued.

The note payable referred to in Note 8 to the financial statements was renewed in April 2011, with a final maturity date of April 30, 2012.